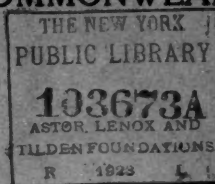


# THE ROUND TABLE

A QUARTERLY REVIEW OF THE  
POLITICS OF THE BRITISH COMMONWEALTH

*No 5 P*

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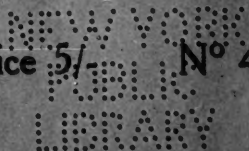
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## GENOA

AS we write it is still uncertain whether the Genoa Conference will bear fruit in a general agreement on any subject or break up with all its main purposes unfulfilled. A southern environment has spared it none of the rigours of a northern spring. The spirit of European co-operation, which inspired the summoning of the Conference, has been exposed at Genoa to hidden as to open dangers. For some weeks it seemed doubtful whether the Conference could be held at all. The Government of the United States declined to have anything to do with it, and made no secret of its opinion that it was doomed from its conception to be "but hope of orphans and unfathered fruit." The French Government worked relentlessly first to prevent it, and then to circumscribe its scope and limit its usefulness. In England a powerful section of the Press has taken the side of the French Government throughout, and left no stone unturned to stultify the proceedings of the Conference and to overthrow the Prime Minister. But there have been other enemies. The atmosphere of Genoa has been poisoned by intrigue, not so much in the Conference as round and about it. Enormous delegations have been shadowed, reported, helped usually and vindicated, but at times misrepresented and misled by still more enormous bands of journalists, from distinguished editors to humble pressmen. Rumours and suspicions have sprung up with the rank fecundity of some forest in the tropics. Mistakes were inevitable, but at Genoa by some malign chance they

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have come as blunders, and at the most critical moments. German ineptitude, insensibility, stupidity—the right word is perhaps in doubt—combined with Russian cunning almost to wreck the Conference in the first week. Amidst such perils it is a marvel that the Conference still survives.

Yet even if it should end with no clear positive achievement, Genoa has amply justified itself. For it has revealed to the world where and in what degree the spirit of European co-operation flourishes, and even more clearly who are its enemies. There can no longer be any reasonable doubt as to the present policy of France under M. Poincaré. Russia and the Soviet Government are no longer wrapped in the obscurity of isolation. If we are no nearer disarmament in the East or the West, if no sound foundation has been laid for renewed commercial intercourse with Russia, we can see far more clearly than before what are the difficulties in the way. Above all, though hopes may be deferred as a result of Genoa, they are not blasted. Co-operation on terms of equality between the nations of Europe may remain for the present an unrealised ideal, but at least we have seen signs that it is realisable and have fortified our conviction that there is no alternative but ruin. Though no delegation returns bearing its sheaves, some of them, at least, have discovered which is good ground and which is stony, and have sown as they could with fair hopes of a harvest in due season.

For any practical results which may be attained at Genoa Europe will have primarily to thank Mr. Lloyd George. He will, no doubt, derive some quiet amusement from the discovery of the tribute in which Mr. Keynes has clothed in a more sober form an admiration scarcely less enthusiastic than that which glows through the rapturous imagery of Mr. Garvin. The Prime Minister has, indeed, dominated the Conference. He set out with the conviction that its aims were right and beneficent, for Europe no less than for Great Britain. To keep the Conference together, to bring it, if possible, into port, he has put forth all his strength and

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## Early Difficulties

all his art. The multitude of those over half Europe who feel to-day that Mr. Lloyd George alone stands between them and ruin have as yet scarcely realised that the source of his strength in this campaign for peace lies less in the magic of personality than in the fact that he is interpreting the deepest aspirations of the British Commonwealth. To the Continent England is always *perfide Albion*; it is the Wellingtons, the Gladstones, the Lloyd Georges who are admired.

### I. EARLY DIFFICULTIES

THE ROUND TABLE in March foreshadowed the danger to which the Genoa Conference would be exposed if it were not fully representative. "France," we said, "may abstain altogether or may attend only to obstruct. . . . An even more serious defection would be that of America."\* M. Poincaré chose obstruction rather than abstention. He first sought a postponement for three months. The experts must meet, must examine the agenda, must agree. The request was resisted. But a protracted political crisis in Italy threatened to leave the Conference without a host and in the end a postponement of a month until April 10 was unavoidable. At the end of February M. Poincaré met Mr. Lloyd George for a few hours at Boulogne. It was agreed that nothing affecting the Peace Treaties should be discussed in the Conference and on this understanding M. Poincaré consented to go to Genoa himself if he could. When April came, he could not; the President was in Morocco and the President of the Council could not leave Paris in his absence. So M. Barthou, a member of the Cabinet and of that of M. Briand which had preceded it, an ex-President of the Council himself, was chosen to lead the French delegation. Not, however, as might have been supposed from his political

\* ROUND TABLE, No. 46, March, 1922, p. 265.

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standing, as a plenipotentiary, not with the discretion exercised, for instance, by Mr. Balfour at Washington, but as the mouthpiece of his colleagues, tied to them by telephone, subject to their instructions, liable to their repudiation. No more deadly blow could have been struck at the usefulness of the Conference. For the old and the new diplomacy will not mix. It must be one or the other. The essence of diplomacy by conference is negotiation between principals, who can seize the opportunities which arise in personal discussion and in a moment are lost, to make decisions and reach a settlement. To refer back is to accept the verdict of a Court which has heard none of the evidence, seen none of the witnesses ; it is to ask a critic who has not read the play what Othello meant by "It is the cause, it is the cause, my soul." No one, of course, pretends that even Prime Ministers in conference are in the full sense free agents. Their liberty of compromise is limited by the strength of their political following at home, by the degree of coincidence or opposition between their views and those of the democracy which they represent. It would be an injustice to M. Barthou not to add that he did all in his power to make an impossible situation tolerable. He could not disregard his instructions, but he more than once modified them.

The United States did not wait for the full significance of M. Poincaré's methods to become apparent before announcing their intention to hold aloof from the Conference. The attitude of the Harding Administration is summed up in this sentence from the Note in which Mr. Hughes declined the invitation :—

It has been found impossible to escape the conclusion that the proposed Conference is not primarily an economic conference, as questions appear to have been excluded from consideration without a satisfactory determination of which the chief causes of the economic disturbance must continue to operate, but it is rather a conference of a political character in which the Government of the United States could not hopefully participate.

## Early Difficulties

American abstention was not unexpected, but it made any general settlement more than ever difficult. For it confirmed the apprehension that public opinion in the United States is not ready for any rational liquidation of inter-allied debts; and it deprived the British and Italian representatives at Genoa of a moral support on the side of peace and conciliation which might have proved decisive.

Thus it was in an atmosphere of anxious doubt that the Conference opened on April 10. The first session revealed the dramatic potentialities of the gathering. After a quiet prelude of ceremonious addresses, perhaps intentionally colourless and made wearisome by translation, the startled audience were roused from their incipient slumbers in the stuffy hall by the rumblings of an approaching storm. M. Tchitcherin had trodden forbidden ground. He spoke of disarmament, of conference succeeding conference in an endless vista to the millennium. An angry protest by M. Barthou, a reply by the offender which added fuel to the flames, and then a safe escape through one of Mr. Lloyd George's most brilliant pieces of improvised banter, to a hurried adjournment. Next day the delegates retired to the more prosaic task of settling procedure in private. It was decided to appoint three Commissions—the political (called, as politics were taboo, Number 1) the financial and the economic. Representation on the commissions had to be fixed. There were difficulties here, but in the end they were overcome. The convening powers with Germany and Russia obtained direct representation, other States were represented by two or three of their number chosen by ballot. The status of the British Dominions raised an interesting side-issue. Were they to vote as independent States or to be merged in the Empire vote? A decision adverse to the Dominions was subsequently reversed and the Dominion delegates exercised their rights by substituting one neutral State on a Commission for another.

These preliminaries settled, Number 1 Commission at

## Genoa

once attacked the problem of Russia. "Had M. Tchitcherin accepted the Cannes resolution?" M. Barthou had asked on the opening day. The reply from the Chair was that by his presence he had accepted it. But acceptance is a formality. The real problem was to find, within the limits of the Cannes resolution, a solid foundation for a general agreement which would bring back the Russian State into the European fold and open channels for a renewal of commercial intercourse. Did the Soviet Government recognise all public debts and obligations of the State, municipalities or other public bodies? Did it admit the obligation to restore or compensate all foreign interests for loss or damage caused to them when property had been confiscated or withheld? Negotiations on these points set out from a memorandum prepared at a meeting of the Allied experts held in London prior to the Conference. It stipulated for full and unconditional acceptance of all liabilities and for the appointment of a Russian Debt Commission and of Mixed Arbitral Tribunals. The Russians replied to these proposals with a claim for damage caused to the Russian State and its nationals in the series of attacks made or encouraged by the Allied Powers on the revolutionary Government: after deduction of all pre-war and war obligations of the Tsarist authorities, there remained a sum of about £2,500 million due to Russia. At this point the Conference threatened to end as a farce. Mr. Lloyd George persuaded the Allies to suspend the formal sittings of the Commission and to meet the Russians for private discussion in his villa. Progress was recorded and new proposals, which there was reason to believe that M. Tchitcherin could in principle accept, had been communicated to the Soviet delegates, when on Easter Monday Genoa and the world were startled by the announcement that a separate Treaty had been signed on behalf of Germany and Russia at Rapallo on the previous day. Without warning, the Conference was on the rocks. For the Treaty provided not only for *de jure* recognition of the



## The Treaty of Rapallo

Russian Soviet republic, but for the renunciation by both parties of all public and private claims arising out of the war and by Germany of claims both of the German Government and its nationals in respect of property submerged by the revolution and the Communistic experiments of the Soviets. Each Government also covenanted to give the other "most-favoured-nation" privileges.

### II. THE TREATY OF RAPALLO

THE Treaty signed at Rapallo was the fruit of negotiations which had been on foot between the two Governments for some time prior to the Conference. Its final shape was determined in Berlin during a break in the journey of the Soviet delegates from Moscow to Genoa. M. Tchitcherin then pressed for its signature, but the German Government preferred to go to Genoa with free hands, there to explore with the rest of Europe the possibility of a general agreement with the Soviet authorities. This was a natural and a proper decision, and M. Tchitcherin acquiesced in it. What had happened at Genoa to justify a reversal of that policy? Dr. Rathenau has explained his motives. The German delegates found themselves suddenly excluded from the negotiations with Russia, when the meetings at Mr. Lloyd George's villa took the place of the sessions of the Commission. They heard rumours, each more circumstantial and convincing than the one before it, that the Allies were on the point of reaching an agreement with the Russians. Anxious to protect legitimate German interests in any Russian settlement and to avoid being confronted at the next meeting of the Commission with a document which it would be difficult for Germany either to accept or to modify, Dr. Rathenau made three attempts to arrange a private meeting with Mr. Lloyd George. They were unsuccessful, two of them, we believe, because Mr. Lloyd

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George associated meetings with Dr. Rathenau with reparations—a subject which at the moment he wished to avoid—and the third, on the morning of Easter Sunday, because the Prime Minister had gone to church. In desperation or a fit of pique or in a moment of bravado—under the influence, perhaps, of all three motives—Dr. Rathenau obtained the consent of Dr. Wirth, who seems to have given it reluctantly, entered his car and drove to Rapallo to sign the Treaty which he had had in his pocket for weeks. By such curious interactions of accident and human weakness is history made.

It must seem to many unfortunate that Germany was excluded from the discussions with the Russian representatives as soon as they touched firm ground. For the interests of Germany in Russian reconstruction are patent. There is, indeed, as yet no evidence that those interests had been overlooked, and indeed the whole subsequent course of the negotiations with Russia has shown that Dr. Rathenau was completely misinformed if he thought that at Easter an agreement was imminent. Though they were not present at the discussions with M. Tchitcherin, Dr. Rathenau and his colleagues were in constant daily touch with the British delegation, and if they were unwilling to express their anxiety formally and in writing to the President of the Conference, numerous avenues of approach to Mr. Lloyd George were open to them. Even on the formal ground of defence which he has chosen Dr. Rathenau has a weak case. If it were ten times stronger than it is, no argument from formalities can excuse a political blunder, and for Germany herself and all Europe the Treaty of Rapallo is likely to stand as a political blunder of the first magnitude.

The Treaty offered Germany no obvious or immediate practical advantages. It was a bargain between a bankrupt and a debtor who is on the point of filing his petition. If Russia is to be reopened to trade it will be not by a separate agreement of this kind, but by a general understanding between Russia and the rest of Europe and with the help



## The Treaty of Rapallo

of credits provided in the first instance by other Governments than that of Germany. To set against its negligible advantages, the signature of the Treaty carried with it immense disadvantages to Germany. For it seemed to confirm the worst fears and suspicions of the French, to demonstrate that all who were working for conciliation were fools and blind. Every opponent of the policy of admitting Germany on equal terms to the councils of the nations could point in triumph to this proof that the old Adam still lived, that the pseudo-Bismarckian diplomacy which had laid Germany in the dust dominated her new democracy as it had dominated the old absolutism of the Hohenzollerns. And behind all there rose again into the vision of France—France embittered by invasion, fearful of revenge—the old spectre of a Russo-German military alliance, “a hungry Russia,” in Mr. Lloyd George’s words, “equipped by an angry Germany.” Ghosts such as this cannot be banished at once by an assertion, with whatever evidence of truth, that the Treaty was an economic agreement and nothing more.

The ultimate repercussions of this Treaty are hidden in the future. They will strike against every question which affects the relations of France and Germany for some time to come, and after the Treaty has been forgotten as a grievance it will live on as a pretext. Yet in defiance of the probabilities, it did not immediately wreck the Conference. Mr. Lloyd George contrived to manœuvre his ship off the rocks. M. Poincaré hesitated, or his tactics of dictating from a distance recoiled on him. His protest was too late, and when it was made the Conference had already been navigated back into smoother waters. Mr. Lloyd George, in a candid interview with Dr. Wirth and Dr. Rathenau, put to them the choice of abrogating the Treaty or retiring from the Commission during the further Russian negotiations. They refused, no doubt rightly, to abrogate. They had no wish to meet the taunt that a Treaty was still to the Germans a scrap of paper. So they accepted the other

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alternative in the hope that some general agreement with Russia would be come to into which their own separate Treaty might ultimately be incorporated. An exchange of notes, at once mild and firm for the Allies, conciliatory yet self-respecting for the Germans, closed the incident.

### III. THE RUSSIAN PROBLEM

AFTER Rapallo the negotiations with M. Tchitcherin were resumed where they had been laid down. We need not follow here their tortuous course through four weary weeks. More than once the Conference has been pushed to the edge of the abyss, either by Russian methods of diplomacy or by disagreement between the Allies. As we write it is still uncertain whether Russia will accept the latest offer, or if she does, whether that offer can stand as a proposal made by the Allies jointly.

There have been two difficult and perhaps insurmountable obstacles in the way of a satisfactory agreement with Russia. The first of these is the Soviet delegates themselves. They went to Genoa with certain definite aims. They desired recognition for their Government *de jure*, and they needed a loan or credits in some form. A revival of trade between their country and the outside world was a quite secondary object. For the attainment of their main aims they were prepared to pay a price, how big a price was a matter of bargaining. At an early stage they had the good sense to realise that their mere presence in Genoa on terms of equality meant recognition, whether it were at once followed by diplomatic missions and the traditional formalities or not. They were left freer to concentrate on obtaining direct foreign credits. Their method of negotiation won them certain easy successes; it had a kind of superficial originality and something which might at first sight pass muster as sturdy independence. On a nearer view the originality seems only cunning, the independence

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little more than a gift for spoiling every situation, however promising. M. Tchitcherin and his colleagues have overacted the part of the good bourgeois. They have said too much, and too much of what they have said has been simply irritating. All this has helped to confirm the impression of essential dishonesty suggested by the whole record of the Soviet Government. If M. Tchitcherin leaves Genoa at last with an agreement signed and sealed, no one is likely to feel great confidence that it will ever be executed. Until confidence in the Government of Russia is restored, trade and reconstruction can take no firm root. We should be far from suggesting that confidence is lacking because the Soviet refuses to accept unconditionally the obligations incurred by its predecessors. Russia has passed through a revolution, not on the model of those episodes which in South America have often taken the place of a general election, but an upheaval to which there is no parallel except in the mysterious and catastrophic eruptions of the natural world. Revolution in such a shape means not repudiation, but annihilation of the past. A direct loan by foreign Governments may be an indispensable preliminary to the restoration of the material life of Russia. But the time for it is hardly yet, because the Genoa Conference has brought forward no guarantee that such a loan would be used by the Soviet for the purposes for which it was granted.

The second obstacle, no less formidable, to these Russian negotiations has been the absence of any clearly defined aims common to the nations with which M. Tchitcherin has been dealing. Germany looks to Russia primarily, as a market, as a vast undeveloped territory capable ultimately of absorbing a great part of the products of German industry, as a field in which the German genius for the scientific organisation of material progress can find full scope. These are natural and inevitable ambitions. With them goes the desire, still hesitating, uncertain of itself, subconscious almost, to find somewhere an escape from

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isolation. It will rest with Western Europe, above all with France, to determine by its attitude towards Germany whether this vague leaning towards the East becomes a settled policy and a danger to Europe. To France, and to Belgium too, Russia is a pit into which in the past the savings of their peoples have been flung in profusion. So far as France and Belgium attach any value to an agreement with Russia, it is as a means to the recovery of all this treasure which the Revolution has engulfed. It is the bondholder and the investor in public undertakings in Russia who is seeking protection rather than the trader. To the British Empire renewed intercourse with Russia appears to be a condition of any full economic revival. The Russian market in itself is valuable, but in no sense vital to British trade. But the almost complete cessation both of imports into and of exports from Russia is an immense loss to the trade and industry of the world as a whole, and it is the state of world trade which is the true index to British prosperity. To Mr. Lloyd George an agreement with Russia has meant more than a key to the problem of unemployment at home. He sees in Russian isolation both a political and a moral danger. It is idle to consider disarmament in the rest of Europe as long as a vast revolutionary army is in being in the East. There can be no hope in a pact of peace and non-aggression which excludes the least peaceful and the most aggressive of European States. Poland, Roumania and the border states are in peril from the Soviet levies on their frontiers. Morally Communism permanently enthroned in Russia, sending its apostles East and West, propagating its insidious doctrines, is an infection which may in time sap the strength of every individualistic society. There is much truth, but there is, we believe, also some exaggeration in these views. The Red Army is a vast potential force, but for any active campaign beyond its own frontiers it has been crippled by the progressive paralysis of the whole system of transport in Russia.

## The Financial Commission

With so slight a basis for a common policy amongst the other nations of Europe, with so little evidence proffered by the Soviet that they had anything to offer, it is not surprising that the Russian negotiations have been protracted and seem certain to be unfruitful. The steady march of events both at Genoa and elsewhere has lent overwhelming confirmation to the view which has been so often expressed in *THE ROUND TABLE* that the central problem of Europe at the present time is not Russia but Germany, not the recognition of old debts so much as the remission of new ones. Reparations, barred from Genoa, have crept in through every crevice. They entered into the deliberations of the experts in the Financial Commission. They invaded the brief leisure of harassed politicians. A point scored by Mr. Lloyd George in one corner of Europe was countered by some move by M. Poincaré in another. Differences between France and England on a subject which had been excluded from the purview of the Conference magnified and distorted their other differences over its legitimate objects.

The fresh crisis which is approaching in regard to reparations demands to be treated at some length. But it will be convenient before entering on that subject to discuss briefly the work of the Financial Commission at Genoa. The report of that Commission was published at a comparatively early stage in the Conference, and bears directly on reparations at several points.

### IV. THE FINANCIAL COMMISSION

**T**HE Financial Commission, as it was originally constituted under the chairmanship of Sir Robert Herne, consisted of a hundred or two delegates and expert advisers. It was obviously in that form too unwieldy to function. It appointed a sub-Commission, and for the same reason the sub-Commission, as the only means of ensuring progress, nominated a Committee of eleven experts to deal with cur-

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rency and exchange problems, and another Committee to report on credits. These bodies set to work to consider, amend and elaborate the relevant sections of the report drawn up in London by the Allied experts prior to the Conference. Their recommendations were subsequently endorsed with slight alterations by the sub-Commission and the Commission, and embodied in formal resolutions.

In their main lines these resolutions follow the recommendations of the Brussels Financial Conference of 1920. In some respects, however, they go much further. They may be very briefly summarised as follows :—

1. Stable currencies everywhere are essential to reconstruction.
2. Currency reform will be facilitated by continuous co-operation between central banks of issue. (A conference of central banks, including the Federal Reserve Bank of New York, has been convened to meet in London for the further examination of currency problems.)
3. European Governments should at once declare their intention of ultimately establishing a gold standard.
4. Budgets must be made to balance by the reduction of Government expenditure, the imposition of adequate taxation, and, in countries where these measures are inadequate, by an external loan. Until this is done currency reform is impossible.
5. A return to the old gold parity is in many countries no longer feasible. It is a matter for each country to decide when to devalue its currency, but the first country with a seriously depreciated currency which after stabilisation boldly fixed a new gold parity would render a considerable service to Europe.
6. All artificial control of exchange is mischievous, and should be abolished.
7. The problem of inter-governmental indebtedness must be resolutely tackled before there can be any hope of final success in restoring the currencies or the economic welfare of Europe.

These precepts represent the expert financial opinion of Europe, and they would certainly be subscribed to by similar authorities in America and elsewhere. That they should be repeated and emphasised at Genoa is important. But it is to be feared that we are still far from their general translation into practice. The case for devaluation of at



## The Financial Commission

least half the currencies in Europe is overwhelming. But there is no suggestion which so readily arouses a violent sentimental opposition. In giving their blessing in the full Commission to these unanimous recommendations of the experts, the representatives of Italy and France were careful to point out that their countries were not ready to face devaluation; it was their settled policy to restore the normal gold parity. It is extremely doubtful whether even for France that policy is capable of fulfilment.

The Credits Sub-Commission was principally concerned to launch the International Trade Corporation. The Corporation is already registered in Great Britain and will have a capital equivalent to £20 million sterling. This is already either subscribed or promised, and at Genoa, apart from the Allied Powers and Germany, most of the neutral States showed an eager desire to participate. The Corporation will work through subsidiary companies in the participating States and will seek to arrange and finance contracts for reconstruction work, more especially in Eastern Europe. It will have many difficulties to contend with and with so small a capital cannot hope to reach the heart of the problem of reconstruction in derelict and semi-derelict States. But it has powerful backing and is being actively developed. Within limits which relatively to the vastness of the task are narrow it may have a reasonable prospect of success. In many ways the British Trade Facilities Act, which empowers the Treasury to guarantee principal or interest or both of loans raised anywhere for capital expenditure which will provide employment in the United Kingdom, offers a method simpler both in principle and in practice of attaining the same object. But the Act needs to be amended in order to make clear the intention of the Government and Parliament to take some risks in its administration. Up to the present the advisory Committee has been restricted to giving its blessing to what would be indubitably sound investments without it. The reconstruction of Europe can never come about from the exploitation only of certainties.

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### V. THE ETERNAL PROBLEM

GENOA, we have suggested, has established directly or indirectly beyond any possible doubt that a settlement of the reparations question is the most vital problem before European statesmanship to-day. It is also the most difficult, both on its merits and on account of the web of national hates and fears in which it is now enmeshed. For that reason Governments have repeatedly tried either to ignore or to postpone or to circumvent the problem. Probably no one has worked more strenuously to avoid the plain issue than Mr. Lloyd George. Up to the time of his departure for Genoa he consistently expressed the belief that given this or that—a strengthening of Anglo-French ties, an agreement with Russia, peace in Europe—the problem of reparations would dwindle to its proper dimensions and would then admit of an easy solution. It is hardly possible any longer to defend this view. Every day, unfortunately, seems now to bring with it a new warning that reparations are the key to most other problems, not those to reparations. All the indications are that before many weeks a definite crisis will be reached when the question will have to be squarely met.

To make this clear we must look back a little. In December last Germany asked for a moratorium for 1922-23. At Cannes a reduced scale of payments for those years would have been adopted but for the fall of M. Briand. When that put an end to the meeting of the Supreme Council, a temporary arrangement for a few weeks was made and Germany was called on to submit her own proposals and an outline of her Budget programme. In doing so the German Government pointed out that in spite of sweeping reductions in expenditure, the abolition of subsidies to the railway and postal services and the imposition of fresh taxation, the surplus available in 1922 for reparations



## The Eternal Problem

payments in cash and kind would be approximately £20 million. This reply was referred to the Reparations Commission, which in March published its decision. The Commission proposed that Germany should pay in 1922 720 million gold marks in cash and the equivalent of 1,450 million gold marks in kind. (These were the amounts provisionally fixed at Cannes but never confirmed.) This partial moratorium was made subject to the acceptance by Germany of a number of conditions designed to bring about an early reform of the German finances. *Inter alia* Germany was required

(1) To bring into force at once the new taxation measures drafted by the Government ;

(2) to prepare and to apply before May 31 a scheme for raising a further 60 milliards of paper marks by taxation in the financial year 1922-23 ;

(3) to admit the control of the Commission over the application and enforcement of German laws governing taxes and tariffs, and over the expenditure provided for in the Budget, and

(4) to take steps to prevent the migration of capital.

Failure to comply with these conditions by May 31 would involve the cancellation of the moratorium and a return to the full liabilities imposed by the London agreement of 1921.

These demands were declared by the German Government to be impossible of acceptance. The new taxation asked for was beyond the wit of man to devise. Control so extensive as that proposed meant Ottomanisation and was inconsonant with the rights of any sovereign state. The German Government was as anxious as the Commission to stop the migration of capital and to levy tribute on the admittedly large balances held by Germans in foreign banks, but could conceive of no machinery for detecting such balances except by international agreement. The Commission in reply simply reiterated its demands. There the discussion rested when the Genoa Conference began and there it rests to-day except that the German Government has declared its intention to pay the instalment of £2½

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million due on May 15. At Genoa reparations sank below the surface, but the subject, which no one ventured to mention under that name in public, was more talked of in private than any other and in the thinnest of disguises took its place on agenda papers and in reports. The eleven experts of the Financial Commission invented the term "inter-governmental indebtedness" to cover both reparations and inter-allied debts, and adopted unanimously, the French expert, a Treasury official, consenting, the following passage for insertion in their report in amplification of their recommendation number 7 which we have summarised above.

Foreign obligations by one country must be balanced by a capacity in other countries to absorb the surplus production with which alone those obligations can be met. If the burden of any country's external obligations is beyond its capacity to pay, and it cannot be assisted by foreign loans, the effort to meet those obligations must accordingly result, on the one hand in the dislocation of markets in other countries, and on the other hand in a continuous depreciation of the currency of the debtor country, which will entirely prevent it from making any start whatever in the direction of stabilisation.

By the irony of coincidence, on the day which saw the publication to the world of these words as the considered and unanimous opinion of Europe, M. Poincaré spoke on reparations at Bar-le-Duc. He declared that if Germany failed to meet the demands of the Reparations Commission by May 31 France would proceed to enforce her rights, "with or without her Allies," and that by way of the occupation of the Ruhr area. This speech pushed reparations into Genoa by the front door. It has not been retracted; indeed, it has been approved by the Foreign Affairs Committee of the French Parliament and acclaimed by the French Press. Mr. Lloyd George proposed a meeting of the signatories to the Treaty of Versailles present in Genoa to consider the reparations question, and as we write M. Poincaré has refused to attend any meeting before May 31.

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The French point of view is terribly simple. France was wantonly attacked. French soil was occupied, ravaged, desecrated for four years by the invader. Scores of her towns, hundreds of her villages were left in ruins. Factories were destroyed, mines flooded, the countryside defaced. These devastated areas must be restored and reconstructed. It is a task far beyond the ability of France to carry out from her present resources, yet it is a task which cannot wait. France needs in the next few years at least £500 million sterling. Who should pay this but the aggressor, who but the nation responsible above any other for the destruction? Germany has no devastated area. Her mines, her industries, her farms are intact. They are even producing at full pressure when the rest of the world is half idle. If her Government is poor, her people are rich; and her Government is poor for no reason but weakness and profligacy in administration, subservience to the great industrial interests, connivance at their policy of avoiding taxation by transferring their wealth to foreign countries. Germany must be forced to pay.

This is a passionate human argument, and must appeal powerfully to many minds not French. No answer in the cold terms of economics can be altogether satisfying to those under the influence of strong feelings. Yet there is such an answer, and we can see no escape from it. German industry is indeed prosperous, but it is not the prosperity of health, any more than the temperature of a high fever is the temperature of health. There can be no ultimate foundation for prosperity except national credit, and the national credit of Germany is tottering. The mark has dropped to its present value because Germany has been made to pay money which she does not possess, to pay it by selling her credit abroad, to pay it, that is, by selling something which the world no longer wants; latterly and more particularly because Germans themselves have lost faith in the mark. The difficulties of national psychology are peculiar to no one country. France has her injuries,

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Germany a deepening despair. Once destroy the German faith in the mark completely, take away from the ordinary citizen his belief in the future of his own people, and there is nothing left. The mark will go the way of the krone, and in its descent will bring chaos to Central Europe. That point, in the judgment not of Germans alone, but of all unprejudiced and intelligent observers, is very near. Only one thing can bring back confidence, stabilise the currency, and enable any Government that is in power in Germany to undertake the cleansing of the Augean stables of national finance. That is a different policy pursued by the former enemies of Germany. In no other way does it seem possible to find the credits which France needs now. They can be derived only from a loan in foreign currencies raised by Germany herself both from foreigners and Germans. Such a loan would attract back to Germany much of the capital which has migrated abroad and which cannot be forced back by any methods yet suggested. But the loan, if it is to reach any total of value to France, must also attract foreign investors. Is there any foreign investor who would risk his money in a German loan as long as Germany remains under an undefined obligation for reparations and is liable to be attacked without warning for every default? Fix the liability at a sum regarded as reasonable by investors throughout the world and a foreign loan becomes practicable, and with it the satisfaction of the most urgent needs of France. On any other terms they will remain undischarged.

A strong international committee, including Mr. Morgan as representing the United States, has been appointed by the Reparations Commission, and will meet shortly to consider the conditions on which it is possible for Germany to raise a foreign loan of any more than a trifling amount. Unless that Committee finds itself in disagreement with the almost unanimous financial opinion of the world, its report may be expected to lay bare the harsh realities of the reparations problem. An agreed and courageous find-

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ing on the lines which seem inevitable might enable even M. Poincaré to take shelter behind it. But withdrawal has been made extraordinarily difficult, even for a French Government which had committed itself much less deeply than that of M. Poincaré to a political instead of an economic solution. May 31 approaches with passions raised in France to a point at which some move, such as the occupation of further German territory, likely to be disastrous in its consequences to the whole of Europe, may be taken almost blindly.

### VI. THE ENTENTE

IF, through reparations, we are approaching a crisis in the affairs of Europe, no less certainly are we confronted by a crisis in the relations of France and the British Commonwealth. The Entente, in the common formula, is in danger. It would be more accurate to say, with the *Manchester Guardian*, that "the Entente, far from being a fact, is an object of policy which has not been attained." Can it any longer be attained, and if so, on what terms? If failure is now inevitable, what are likely to be the consequences? These are grave questions; the Genoa Conference has made an answer to them imperative.

It is perhaps hardly necessary to explain that nothing we may say here of Anglo-French relations has any reference to the personal relations of individuals, whether members of Governments or simple citizens. Their cordiality will be determined by other considerations than those of politics. Personal contact has probably never been closer than it is to-day or more friendly. Differences of national temperament must always, except in rare cases, make intimacy difficult. But between England and France every year strengthens the influences which are at work reconciling such differences. The youth of the present generation follow the same pursuits, and they are bound by memories, which are hardly likely to be extinguished, of common

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service and equal sacrifice in war. It is in the sphere of political co-operation that an ever-widening breach has opened. At no period since the Armistice have the two Governments or the two peoples been in full and free agreement on any of the larger issues of international politics. Over and over again radical differences in principle have been buried beneath a forced agreement not to differ. This may at first have been sound policy ; it is easily conceivable that the intensity of national feeling and the endless practical uncertainties of those years would have made of any other policy a direct menace to peace. But a time was bound to come when the facts no longer admitted of compromise, as it has come now with reparations or the idea of European co-operation ; and at that point every specious settlement of the past rises from the grave to claim its right to be perpetuated. So England and France have drifted into the position of partners who remain in nominal association though the vital essence of any partnership, mutual trust and loyalty, has been dissipated.

For an Englishman to project his mind into the present political thought of France is in any full sense probably impossible. The French attitude on reparations is intelligible enough, though we cannot share it. To the English mind the problem is first one of ways and means ; granted that money is required for a specific object, how can it most readily be obtained ? By compounding with the debtor, by allowing him time for recovery, or by driving him into the hands of the receiver ? But this is no ordinary case of debtor and creditor. For if we press the debtor too far it will ruin not him only. It will also drag down other nations and will retard—perhaps permanently—the recovery of Europe, indeed of the world. So with the yearning for future security from aggression. No great flight of imagination is needed to understand why France feels insecure. A permanent inferiority in numbers of almost 30 millions is to her an insuperable weakness. But with Germany disarmed and France in full panoply—and no evidence yet



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brought forward has in any way shaken the conviction not only of England but of the whole world that Germany is in fact disarmed—the weakness is surely imaginary, at all events for many years to come. And for the far future we believe that the best insurance is not to break Germany utterly, as the invasion of the Ruhr would break her, not to dissolve the Reich into the elements out of which it was built, but to follow a policy of moderation which will not sow the seed of lasting bitterness in the minds of the German people. In the long run, if France and Germany are to live on terms of permanent hostility, there is no escape from a war of revenge. But for our part we refuse to tolerate the notion of hereditary enmities. We are optimists even to the length of believing that in Ireland the memory of the past may ultimately be blotted out. We think it inconceivable that a great nation can for ever be kept in subordination by force alone. It is because we find France acting, not in an isolated instance but logically and systematically, on premises which from the depths of our being we reject that we feel French policy to be irreconcilable with the interests of the British Commonwealth and of the world. And yet we are puzzled. For we believe France at heart to be peaceful, hating war as we hate it. If it were not that the disquietude we feel is now shared almost by the whole world, we might come to doubt our own judgment. But Genoa has shown that French influence has waned even in those countries—Poland and the Little Entente—where it was strongest. In neutral countries, even in that second home of French civilization, French Switzerland, the prestige of France has been shattered by her policy since the Armistice. We are driven back on the assumption of some temporary sickness, some extravagance of nationalism, which only time can cure. The trouble is that the situation in Central Europe is already such as to make further delay dangerous.

If this diagnosis is correct, and if a real understanding is impossible, it is better that there should be an open differ-

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ence between England and France than the pretence of agreement where none exists. No British Government ought, in our view, any longer to shirk the issue of reparations, or for the sake of buying off France to be a party to a policy in which it does not believe. The end of the Entente does not mean, as friends of France have so often represented it, that England must abandon one friendship for another, France for Germany. The essential interests of the British Commonwealth are that it should be at peace with the whole world but should be free of entangling alliances. We agree with France that reparation must be made, and we think that the rehabilitation of France's devastated districts should be the first charge, but reason and the essential interests of our Commonwealth alike demand that Germany should be kept above water and restored if possible to economic health.



## THE DRIFT OF AMERICAN OPINION

### I

THOSE of you, living east of the Atlantic, who have come to regard the Senate of the United States as a millstone about the American neck, may have been startled by the speed with which that Senate, first of all sovereign parliaments, ratified the treaties issuing from the Arms Conference. The Conference adjourned on February 4. Within the space of eight weeks—well-nigh instantaneous, as time is reckoned in the Senate—all seven of the Conference treaties travelled up Pennsylvania Avenue from the White House to the Capitol, and got home again without a casualty. The Arms Conference, with its veto upon naval competition, was itself a significant event. To many of us in the United States the promptness of the Senate in ratifying all seven of the resultant treaties is likewise a significant event. It may mark the turning of a corner. And it is at least indicative, in more respects than one, of the present temper of our public.

So far as the sheer political mechanics of ratification were concerned, the seven Conference treaties undoubtedly had the advantage of the more involved text that Mr. Wilson brought back with him from Paris, three years ago. They were shorter. They promised less. Mr. Harding profited, too, by a celebrated error of his predecessor. In his delegation to Versailles Mr. Wilson had given technical representation to the opposition party by appointing one

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venerable but obscure Republican (Mr. White). That infuriated the Republicans. And after the indignation it aroused, Mr. Harding would have been a very stupid man to have made the same mistake. As a matter of fact, he anticipated Democratic opposition by appointing Mr. Underwood, Democratic leader in the Senate, as one of his four delegates. In terms of American politics, that practically committed Mr. Underwood in advance to an endorsement of the Conference. Subsequently, in his position as party chieftain, he was able to swing with him enough of his colleagues to provide the two-thirds necessary for ratification. Both within the Senate and without, there were influential Democrats lined up against the treaties. Without Mr. Underwood's efforts, Democratic opposition in the Senate might easily have prevented ratification.

The President thus had on his side the support of the chief Opposition leader in the Capitol, plus the fact that his treaties were brief, uninvolved, and linked with a widespread and well-organised desire for "disarmament." This may or may not have been enough to win. But the President also had on his side a factor which is perhaps not sufficiently reckoned with, abroad. And that was a genuine antipathy on the part of many Americans to the idea of having more treaties, no matter whose, thrown upon the scrap-heap. This attitude has not featured our comments on the Arms Conference, but it has been a factor of importance, none the less.

What I mean is that there is in America a good deal of self-consciousness about having backed out of a responsibility, however unpleasant; that there is a very general apprehension lest we appear "timid," "unwilling to play the game," "behind the times"; and that a widely shared sentiment of this sort unquestionably played a part in prompt ratification of the treaties. It is true that many Americans who harbour these doubts are also the same Americans who have vehemently opposed our entrance into the League of Nations or our participation in the affairs

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of Europe. But we are a people who thrive on praise. It is a diet most other people like as well as we do. But for us, praise is no longer a luxury. Thanks to our vaunted idealism in the war, it has become a habit. And, of late, because we are the world's creditor, because we have withdrawn into our own self-sufficiency, and because the world is fed up with our glory, not a great deal of praise has come our way. We are, moreover, a nation of conformers. The architecture of our streets, the intensity of our patriotism, the cut of our clothes, the almost infinitely small distinction between our two major political parties, all testify to that. And we are not conforming. We are not conforming—every time fifty-odd nations meet together in the League, and leave us in the outer darkness with the Germans and the Bolsheviks. Do I suggest how it becomes possible for even some of those Americans who most belligerently oppose our participation in world politics to resent, nevertheless, our isolation from them? Article X still offers an escape-valve for one set of emotions—while another set bids the Senate have done with throwing treaties in the discard, resents the charge that we are hangers-back.

I can perhaps illustrate the present strength of this sentiment I am describing, this desire not to appear too continuously in the rôle of obstructionist, if I point out the less critical attitude it brought to the consideration of Mr. Harding's treaties, as compared with Mr. Wilson's. On the floor of the Senate, at the high point in the debate upon the new Four Power Pact, we had an extraordinary revelation of the superficial fashion in which at least two of our delegates had considered certain aspects of that treaty. The central point in the attack upon the Pact was its likelihood or unlikelihood of involving us in trouble in case a reconstituted Russia attempted to recover from Japan the island of Sakhalin. What chance was there, of such a Russian effort? Very little, Senator Underwood and Senator Henry Cabot Lodge told the Senate. For

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Sakhalin was too far off from Russia. Asked how far, Mr. Underwood replied, "I do not recall ever looking at a map to ascertain exactly how great the distance is, but if the Senate wants my guess I should say several hundred miles." Mr. Underwood pictured an island somewhere in the wide Pacific instead of immediately alongside the Siberian coast; and Mr. Lodge, when it came his turn to guess, guessed five hundred miles. As the New York *World* points out, "Between an island several hundred miles at sea and one close enough to the mainland so that you can walk to it across the ice in winter there is a difference which one might reasonably expect a Senator to have considered before he signed a treaty mentioning it." To have shown no more thorough consideration of obvious strategic values than this would, in the days of Wilson's treaties, have been to court defeat. Omissions and ambiguities that became ringing party slogans, in those days of Wilson's struggle, we gloss lightly over, in our present mood.

We are less critical nowadays, because, it seems to me, we are less irreconcilable—and consequently not on the watch for opportunities to object. And it is also true, I think, that we are less critical because we are weary of new "problems" and new "situations." We should have had both if the Senate had left a half-dozen treaties hanging in mid-air. Ratification was desirable, for one thing, because ratification was convenient. In common with a war-weary world, we are tired of having to solve things. Congressmen complain that their constituents show little interest in pending legislation. Editors instruct their contributors to look for something cheery. Broadway has no place for "problem plays." Our most popular novel of recent months, in contrast to *Main Street*, favourite of a year or two ago, is *The Sheik*, a desert tale of springtime and abduction, in which the only problem is credulity. Front pages of the newspapers, temporarily pledged in part to news of world events, have swung their emphasis again to murder mysteries

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and scandals of the moving picture queens. A young man from Onowa, Iowa, inventing a new confection christened "Esquimo Pie," receives £400,000 a year in royalties. I dare say there is no direct connection between the success of "Esquimo Pie" and the present temper of the country. Its creator might have been just as well rewarded had the Battle of the Marne been at its height. But to me there is something symbolic in his triumphal progress at the present time.

There has, in fact, been a sag even in our post-war hysteria, our panic over Bolshevism in a land of plenty. That hysteria was so boisterous as to attract attention overseas. It is nearing its last phase. It has gone on, as so often it has gone on before, from politics and economics to morals and religion. The Kentucky State Legislature debates a law to forbid teaching Darwinism in the schools. William Jennings Bryan stumps the country preaching back to normalcy in our faith, demanding proof he is descended from the monkeys. In the New York State Legislature, Assemblyman William Duke, jr., introduces a Bill providing for the arrest of anyone doing more than forty fox-trot steps or sixty-one one-steps a minute; moreover, "The lady's left hand should rest upon her partner's arm or shoulder, but not extend to his back or neck." In Kansas a schoolboard election is fought on the right of teachers to bar from the classroom maidens whose skirts fail to fall at least three inches below the knee. At Coney Island Police Inspector Byron T. Sackett orders draperies hung upon three cream-coloured plaster figures called "The Fallen Angels." If we have not reached the last cycle of our post-war fervour, at least we are well along the way.

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### II

**O**FTEN enough reasons have been given for the wave of hysteria and the demand for "isolation" that swept the United States in the wake of war. Both were derivatives of war psychology, the same war psychology that produced emotions of somewhat similar character in all warring lands. In our own case emotion was intensified by the peculiarities of our situation. Our war enthusiasm developed late in the struggle; there was a good deal of it left unspent at the end to turn to heresy-hunting. Moreover, it was enthusiasm developed essentially in the war itself rather than in the politics of Europe. It is not so great a paradox as it sounds, that Americans who would have sent their sons to storm Fiume in 1918 were horrified six months later to find their President participating in a debate about its allocation. America's return to isolation was perhaps to have been expected from a war enthusiasm so sudden, so spirited, so remote in mileage and so centred in the trenches.

So, however propitious 1918 may have seemed, for an abandonment by the United States of a long-standing policy of aloofness, it is probably true that first there needed to come a shaking down of war psychology, an approach, through more normal channels of persuasion, to the new opportunities and responsibilities of participation. And for those who have Anglo-American relations at heart it is good fortune that as war hysteria ebbs and confidence in "isolation" meets challenging cross-currents of the sort I have suggested, there should occur certain events that perceptibly consolidate the friendship of the two countries.

There is no mistaking the prestige Britain has gained with us as a result of her policy in the Arms Conference. Mr. Hearst insists that Sir Arthur Balfour and his colleagues



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carried off the prizes of the day. His cartoonists show John Bull turning in the doorway to remark: "Well, Sam, the Conference is drawing to a close. We got everything but the kitchen stove, so we might as well take that, too." There are other observers who behold in the Conference a British jubilee. But whether they are right or wrong, theirs is certainly not the majority impression. The *Des Moines Register* hails Britain's policy as one of "making almost any sacrifice for the sake of close relations with America." "It required a great deal of courage," the *Register* believes, "and a great deal of confidence in the practicability of concord among the English-speaking nations for Britain to relinquish the naval supremacy that had proven innumerable times the one sure bulwark of her empire." Similarly, the *Topeka Capital* declares that as between the United States and Britain at the Conference "the primary purpose of British policy was to strengthen the ties uniting the two nations." "Undoubtedly the memory of old grievances and differences and prejudices remains in the mind of many Americans," says the *Capital*, "but England has made it difficult for such persons to perpetuate old grudges." In concert, Britain and America "can put the world on its feet again, wear out and discourage the new militarism of continental Europe."

I might fill several pages with comments of this sort. The *Minneapolis Journal* believes the Conference will result in "the scrapping of outworn prejudices between the two great English-speaking nations." The *Denver Rocky Mountain News* declares it evident that Britain has "staked her existence on a complete understanding between the two peoples, not an alliance, and independent of written treaty, but a people's understanding." The *Portland Oregonian* maintains we are "of one mind on the principles that should govern the relations among the nations," and declares this to be "the most endurable bond imaginable." The *Dallas News*, discounting in its enthusiasm our large Slavic and Teutonic infiltration, maintains the Arms

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Conference "has been a demonstration of Anglo-Saxon unity" which must "exert a pacific influence not merely over the regions of the Pacific Ocean, but over the Seven Seas."

It will be noted that none of the papers I have cited—and the list might be immoderately extended—is representative of sentiment along the Atlantic seaboard (usually assumed to be comparatively "pro-British" in its sympathy), but that in each instance the editor's chair is pitched somewhere in the Great Plains or the Far West. I have purposely chosen instances of this sort. And in their really considerable bulk they testify to the respect and friendliness Britain won in Washington. With due allowance for dissenters, we have the general impression that on most central issues in the Conference Britain's delegation stood with ours. We credit Sir Arthur and his colleagues with an effort to improve the lot of China. We recognize that it was Lord Lee of Fareham who led the fight on submarines—a cause demonstrated to be popular in this country by referendum, official if somewhat haphazard. It is true, to be sure, that Anglo-American partnership was occasionally less substantial underneath than on the surface. At the Conference it did not seem to me probable that the British delegation would have accepted literally certain American proposals concerning China, which never got to the point of acceptance, but were discarded early owing to the opposition of the French and Japanese. When British spokesmen had objections, they usually let the French and Japanese express them. The result was an impression of almost invariable support, on behalf of Britain, for anything Americans proposed. I should apply this comment only in a few instances of which one would be the defeat of Mr. Hughes's plan for examining *existing* commitments in respect to China. On the whole, within the moderate limits of the programme which our delegates proposed, British support was substantial—and Britain frequently took the initiative away from us. These



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facts seem to have been recognized at their worth by an American audience confined to no one section of the country.

And from the point of view of Anglo-American relations, it was a happy coincidence that hand-in-hand with this dénouement in the Conference came the settlement in Ireland. American felicitations on that score have, no doubt, been published in the British Press. It would be possible to cite many instances of our far from academic interest. Some of our newspapers (the St. Louis *Globe-Democrat*, for example) express a hope that now the Irish question will "cease to be a disturbing element in our domestic and foreign relations, 'twisting the lion's tail' will no longer appeal to the Irish vote."

This optimism is courageous ; but what is unquestionably a fact is that nine-tenths of the American Press hails the settlement with undisguised relief. In the ranks of the Irish-Americans themselves division of opinion has produced a schism. Thus, while the American Association for the Recognition of the Irish Republic fights the new treaty, the Friends of Irish Freedom assail de Valera for attempting to raise funds here for the purpose of defeating it : " We condemn the collection of money in America to enable one set of Irishmen to fight other Irishmen, or to finance an election campaign, and we deny and repudiate the claim that those who support Document No. 2 are standing by the Republic." A split in Irish-American ranks, between supporters of the treaty and its opponents, and between opponents of the treaty who are for de Valera and those who are against him, was probably to be expected, and no doubt has been reported in the cables. What has happened, however, is not only a division in Irish-American ranks, but a much wider shift in emphasis. In the past American opinion has often held Britain to account for responsibilities in Ireland that were Ireland's, as well as those that were Britain's own. It is already evident, in the weeks since the signing of the treaty, and with the

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new transfer of authority, that we are able to draw the line more clearly.

And the rest of the Empire? We are still interested. For Americans the Empire is not limited exclusively to Ireland, though occasionally it has looked that way. It would probably be guessing low to estimate that within the last two months Gandhi's picture has appeared in a hundred magazines and newspapers. We are well read in the story of the spinning-wheel. We know that Zaghlul Pasha has been deported from Egypt, even if we forget his St. Helena. Journals as distant from the Nile and as little reminiscent of it as the *News-Bee*, in St. Joe, Missouri, publish on their first page cartoons of Egypt clamouring for independence. To be sure, we have our own clamouring Porto Ricans. And there are Americans who contribute to Associations for the Freeing of Egypt and the independence of India and never give a thought to the Philippines. It is perhaps by tradition the privilege of republics to worry about the integrity of empires. But Egypt is Egypt and the Philippines are the Philippines. India has 300,000,000 people, and Porto Rico is a dot in the ocean. Relative importance in popular imagination inevitably cuts a figure. We do not bother you about Rhodesia and the Gilbert Islands.

### III

THERE is a query which arises at this point in any summary of American opinion which it is difficult to answer confidently: If it is true that recent months, with the Arms Conference and the Irish settlement, have brought Britain and America into closer harmony, and true, also, that ratification of the Conference treaties may in some ways mark a turning point, then how soon may Europe expect American participation in world politics, and in what fashion will it come?

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It is a difficult question to answer, because evidence lies so completely in the realm of contingency and conjecture. I doubt whether anyone save a half-dozen leaders of the Administration are actually certain whether or not our Government has a definite policy. We are in retirement for the present. We decline invitations to Genoa. But there is the liveliest disagreement as to whether we hold aloof because we have not yet made up our minds, or because we *have* made them up—and want aloofness. Then comes the question of aloofness for what end? As a goal in itself? A continuation of George Washington's policy of isolation? Or rather for its effect on Europe as a means to some quite different goal? My own impression is that at least two factors are responsible for the Administration's present attitude: It is willing to wait upon the future, before making up its mind; and it believes meantime that its hesitancy will induce continental Europe to put its house in order as a means of winning our co-operation.

The Harding Administration is in an anomalous position. In his pre-election campaign Mr. Harding appealed for votes to both friends and enemies of the League of Nations. He has been appealing to both sides ever since. He has the certain knowledge that any move in the direction of the League—such as our representation on the Reparations Commission—will be snapped up by the Democrats and utilised in the November elections as evidence of their own superior judgment from the first. Moreover, Mr. Harding has a problem on his hands in determining whether he is going to lead Congress or Congress is going to lead him, or neither of them going to lead the other. As one of our New York newspapers points out: "The days are few when both of them happen to be going in the same direction. The days are still fewer when they show a clear and definite notion of the direction in which they really wish to go." Finally, it is plain that Mr. Harding is uneasy about Europe. If the recent months have added to our fund of

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common interests with Great Britain, they have also added doubt as to the far-sightedness of France when led by M. Poincaré.

Certainly in the American rejection of an invitation to Genoa, this doubt played a part—along with our determination never to meet an unregenerate Bolshevik in conference. Mr. Hughes's note of regrets was a bit opaque. "The proposed conference," he said, "is not primarily an economic conference, as questions appear to have been excluded from consideration without the satisfactory determination of which the chief causes of economic disturbance must continue to operate, but it is rather a conference of a political character in which the Government of the United States could not helpfully participate." Is that simply a polite way of saying no? If those questions whose omission Mr. Hughes deplures had been included in the agenda, the Genoa programme would not have been any the less political. It would have been more political than ever. Genoa is still in its early stages as this is written. Whether it will taper off to an inconclusive finish, wind up in a blaze of glory, or fall altogether flat is something we have yet to learn. But it is a likely assumption that America's principal reason for holding back was less the political tinge to the Genoa agenda than the suspicion that continental Europe was still unready to deal with reparations, armaments and budgets in such fashion as to secure a constructive settlement. If they were right in assuming the absence of this intention, there were Americans to whom Genoa seemed only a new effort to attract our resources into the business of enabling victors in war to reap their fruits of victory.

It is Europe's task to convert these sceptics. They have had much to encourage their suspicions in the past. And when the United States participates in the affairs of Europe, it will probably be last of all as joint executor of the Treaty of Versailles.

It is perhaps not enforcement of that Treaty, however, of

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which Europe stands in greatest need. American co-operation can take other forms. It can play a part in the economic recovery of Europe, without helping to collect spoils. And it can share membership in the League of Nations and still not act as bailiff for the Treaty.

And here, in contrast to that rôle of armed ally which the French have been demanding, our début may not be so remote. It is not simply that we have gone so far in isolation that there is no going further. There is also something a bit more positive, a certain revival of interest in the affairs of Europe and the organisation of world peace. In no other way, I think, is it possible to interpret data gathered by an official "Advisory Commission" appointed by the President, on the occasion of the Arms Conference. This Commission examined petitions and referenda arriving from all manner of commercial associations, women's clubs and labour organisations. It reported on December 1 that 38,405 petitioners had expressed themselves "in favour of some sort of association of nations." Two weeks later the number had jumped to 1,045,000. Evidently there had been some active campaigning in the meantime on the part of those who wanted such a showing. But a gain of this sort betrays at least a flickering interest none the less. I am told, too, that organisations like the Foreign Policy Association and the National Security League, which make it their business to wrestle with public opinion, and acquire some skill in choosing a propitious moment, are convinced that the time is ripe for a campaign to demonstrate to Americans their essential interest in the political economy of Europe.

It would be a mistake to attach too much importance to these small events. They are straws in the wind, no doubt; but several winds are blowing, and not all in the same direction. It might be thought, for instance, that no matter how cordially the American Senate disliked the Treaty of Versailles, at least wearers of a toga had had time to see a certain connection between the collapse of European

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markets and business depression in America. If we have no other object in the world than repayment of our Allied loans, at least for that reason should we covet trade with Europe. But within the last few days the Finance Committee of the Senate has appeared upon the scene with a new tariff Bill, building a higher customs wall around our coasts than ever.

It is too early to predict a return of the United States to the stage of European politics. That must be the conclusion of any survey of American opinion at the present time. We are not that far along the road. Passage of the Arms Conference treaties by the Senate is a significant event. But, of its own motive power, it does not propel us toward Europe or the League. It is rather the dynamiting of some barrier at the gate—a barrier of inaction and obstruction which, good or bad on its own score, had become almost a psychological inhibition.

That barrier is down, and the roads are open. Which road we shall choose depends upon Europe, Mr. Harding and the recuperative power of an American public opinion that has been dragged uphill and down.

United States of America.

April 19, 1922.

## IRELAND AT THE CROSS-ROADS

### I. THE NEW ISSUE FOR SOUTHERN IRELAND

WHEN Ireland was last the subject of comment in the pages of this review the doubts and anxieties of the hour turned upon a settlement of the relations of the twenty-six counties of Ireland with Ulster, with Great Britain and with the British Commonwealth. Round these three points the too familiar outline of the Irish problem was drawn. The events of one quarter have brought a decisive change. It is hardly too much to say at the time of writing that the question of the external relations of Southern Ireland is in abeyance—in suspense, at least. Ireland to-day presents the bare problem of government itself. Ireland's representatives have signed and endorsed a treaty of peace. The Irish people is ready, as all the signs go, to accept it. On the very margin of peace it is halted at pistol-point. A section of irresponsible zealots backs a new theory of divine right with rifle and revolver. Political opposition to the Treaty protests that the electorate cannot record a free decision because the alternative to a treaty of peace is war—as it has been since war and treaties began. Military opposition goes further. The elections must not be held. "The people" cannot be trusted not to betray "the nation" by accepting something less than the Republic for which it is predestined. In this atmosphere it is evident that the ordinary terms of politics have lost all meaning. It is the extreme deformity of a long-thwarted nationalism. For these mystics the nation has come to have a spiritual



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existence wholly independent of its secular life. The voice of the nation is not what it is but what, in their inspired view, it ought to be.

What the minority threatens is thus more than the Treaty. It is freedom and the whole orderly life of a civilised community. The pillar of majority rule is rocking. Ireland has been a revolutionary country. The whole practice of the revolutionary is to justify the means by the end. The revolutionary ideal, for those who profess it, sanctions, in fact sanctifies, the suspension of every restraint of civilisation. Crime becomes duty. For the suppression of opinion, the seizure or destruction of property, and the taking of life itself, the authority is the name of the revolution and the warrant is a sufficiency of force. If the moral code is a political obstruction it ceases to exist for those whom it obstructs.

Revolution begins with the organised and instructed overthrow of the independent standards of conduct by which society holds together. Nothing but their restoration ends it. Its political aims apart, revolution succeeds in the measure in which it undoes its own work. Revolution indefinitely continued is anarchy and social suicide. Where and by what means shall it be halted? Precisely that question now confronts the Irish people, as in 1917 it confronted Russia.

A minority party proclaims that the revolution is proceeding and will proceed. If the revolution is proceeding, the tactics of the gunman are justified still by whatever casuistry they were justified in an earlier stage. The Government of the majority has now the invidious task of defending what its members, as revolutionaries, were but lately attacking. The defence of law and order, property and life, is the alphabet of government. In that respect an Irish Government cannot speak other language than the British Government spoke. The Irish people, long schooled to the disregard of authority while it spoke in British accents, has now to recognise authority speaking in Irish

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accents and range itself boldly on its side. The challenge is not as simple as it sounds to the stranger. The opposite scale of the balance is not empty. Naturally extremism recruited much of what is robust and convinced in Irish political opinion. It is to the Irishman-in-the-street that the Government turns. He has an inherited prejudice against government. He is asked to take personal risks for it, to face civil war if necessary. Round him are the blackened ruins and bitter legacies of the irregular strife of the past three years. Whatever his opinions, his instinct is for neutrality in action. The competing attentions of the Black-and-Tans and of the gunmen strengthened an old belief of his in the practical wisdom of holding aloof and leaving responsibilities to those that cared to take them. He is war-weary enough to hope for peace. But war-weariness by itself takes him no further. Besides, is the choice so easy? The opposition is sounding the authentic call of national freedom. Unquestionably its leaders are "patriots." They are disinterested, determined, and personally fearless. It is one thing to believe the prophets of the national cause mistaken. It is another to gird yourself for their overthrow.

In this exhausted moral atmosphere and among these difficulties, government in Ireland is precariously halted. Not until elections are held, or until it is known whether they can be held, will the new issue between majority opinion and revolutionary right be settled.

### II. THE SINN FEIN SPLIT

THE explanation of the causes which have held Ireland suspended between Treaty and Republic lies some months back. The universal rejoicings which hailed the signature of the Treaty last December were checked and sobered by the announcement, soon after the Irish delegates' return to Dublin, that the Dail Cabinet was divided

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and that Mr. de Valera, Mr. Brugha (or Burgess) and Mr. Stack opposed the settlement. The first public session of the Dail on December 19 showed how deep the division had gone. Even then the members were reluctant to acknowledge that the national movement was split. Since the day when first the forces of the English Crown were invited into the country, Ireland's divisions had been Ireland's undoing. The rise of the Sinn Fein Party from the embers of the 1916 rebellion had been a demonstration of growing unity in the face of the British Government. To the need of unity every other need, social and economic, of Ireland had been subordinated. It came with a shock to the Sinn Fein mind to find unity endangered if not lost. Anti-treaty speeches deplored the action of the Irish delegates, who signed the Treaty, as disruptive. Pro-treaty speeches appealed to the other side for unity. In Mr. Collins' own speeches this note was uppermost. He offered the Treaty only secondarily as the means of peace with Great Britain or peace with Ulster, and more as something on which all could agree, an instalment of Republicanism, satisfactory to the principles of Sinn Fein, and more Republican even than the alternative compromise which Mr. de Valera had himself suggested.

After a long and bitter debate the Dail ratified the Treaty by 64 votes to 57 on January 7. ✓ The majority and the minority withdrew to form new organisations for furthering and combating the cause of the Treaty in the constituencies. The party of Sinn Fein was definitely sundered. What principles and what leaders was the party organisation now to serve? That was for the party as a whole to say. ✓

Before considering the answer to that question it will make for clearness to summarise briefly here the situation in which the Dail's decision on the Treaty left the government of the country. After the General Election of 1918, the Dail had proclaimed an Irish Republic. It had proved, naturally, a demonstration rather than a reality. It

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pursued a shadowy competition with the institutions of the British Government. Its organisation was mainly clandestine, coming here and there to the surface wherever the withdrawal of British forces allowed its courts to operate. In the eyes of the British Government it did not and does not exist. In the eyes of Sinn Fein it was and is the Republic in being. The Dail, it was claimed and agreed in the course of the Treaty debate, had no power to disestablish a Government set up by the popular vote. Only another popular vote could do that. At the same time, the British Government could not transfer its powers to a Government which it did not recognise. Under the terms of the settlement a Provisional Government was to be set up to receive these powers. After the Treaty ratification it came into being with Mr. Collins as its chairman. Mr. Griffith succeeded Mr. de Valera as head of the Dail Government. Thus, pending an election, the pro-Treaty majority in the Dail manned two administrations side by side, duplicating many of each other's functions, and working as one Government under a novel, if inevitable, scheme of dyarchy. In the country Sinn Fein courts administered justice side by side with the courts of the King. Newly raised forces of the Provisional Government took over barracks and depots from the rapidly vanishing troops of the British Government, and held them "on behalf of" the Dail Cabinet. The Provisional Government set about organising a constabulary not due to enter on service until the popular choice had approved the Treaty. ✓

This confused stage of constitutional development had been reached when the Extraordinary Ard-Fheis, the national convention of the Sinn Fein Party, opened its sitting in Dublin on February 21. The first day of the meeting was occupied by angry but inconclusive discussion on the propriety of holding a General Election on the Treaty. At the end of the day the Ard-Fheis adjourned until next morning to allow of a conference between the

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leaders. The balance of opinion in the Convention was admitted by Mr. Collins to be against the Treaty.

Next morning Mr. de Valera announced to the Convention that an agreement had been reached. Its terms were as follows :—

1. This Ard-Fheis shall stand adjourned for three months.
2. That in the meantime—
  - (a) The Officer Board of the organisation shall act as a standing committee.  
(This provision gave equal representation to both parties.)
  - (b) Dail Eireann shall meet regularly and continue to function in all its departments as before the signing of the Articles of Agreement (with Great Britain), and that no vote in Dail Eireann shall be regarded as a party vote requiring the resignation of the President and Cabinet.
  - (c) That in the meantime no Parliamentary election shall be held, and that, when held, the constitution of the Saorstát (Free State) in its final form shall be presented at the same time as the Articles of Agreement.
3. That this Agreement shall be submitted to the Ard-Fheis, and, if approved, shall be binding.

The enthusiasm of the meeting left no doubt of its approval, which it gave with unanimity, standing and cheering for several moments. In that instant at least the comforting sense of harmony had returned to the politics of Sinn Féin. But the price of it had to be paid.

The supporters of the Treaty, it is true, had escaped what would probably have been a narrow defeat. They had not been deprived of their title to speak as members of the national movement. The Treaty had not been placed definitely beyond the pale of Sinn Féin orthodoxy. Open conflict by force of arms had been averted or delayed, and physical resistance to the Treaty could not be justified by the authority of a Sinn Féin party decision. These ends had certainly been gained, and they were worth not a little. Sinn Féin as a party had been neutralised. The organisation had been reverently embalmed and laid aside.

But the Free State section had accepted terms which

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laid upon them heavy and almost paralysing obligations while leaving their opponents untrammelled. The country, and the Government or Governments of Mr. Griffith and Mr. Collins, were now committed to grope for three more months at least through the confusions of a transitional period. What might happen at the end of that period was no clearer. The opponents of the Treaty abandoned, under this agreement, nothing of their case against the elections. Three months' delay did not deprive them of their contention that, while the alternative to the Treaty was conflict with Great Britain, the choice of the Irish electorate was not free, valid or binding. The Dail, moreover, had already become only the shadow of a popular assembly. Its mandate was plainly exhausted. Pending the election of a new assembly the Government was a head, or twin heads, without a body. From a Government in this condition of enfeeblement, whatever the individual capacity of its members, decisive handling of the many problems arising in a country, distracted and demoralised by a guerilla of more than three years, was hardly to be looked for. But in the midst of an unequal struggle with the day-to-day tasks of administration under these conditions, the Treaty party had now been fixed with an even graver responsibility. At the elections, when held, it had consented to submit for the judgment of the people not only the Treaty but the constitution of the Free State "in its final form." In the natural course of democratic practice the electorate would have been consulted first on the issue of the Treaty itself, and would, if it accepted the Treaty, have returned representatives to serve in a constituent assembly whose sole duty it would have been to frame the permanent constitution of their country. But revolution and democracy are incompatible terms. If, according to the thesis of the Republicans, the electorate could be trusted to vote on the Treaty at all, it could not be trusted to vote upon it unless its principles were first exemplified in a ready-made constitution. The choice of the electorate is to be

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arbitrarily limited to the document before it. The cost of rejecting it is the loss of the Treaty.

In other respects the condition, successfully imposed by Mr. de Valera's party, was injurious. It can hardly be supposed that a constitution, drafted by a party committee for submission at the elections, will be unaffected by the political exigencies of the moment. Wherever a long view of Irish needs conflicts with a short view of electioneering factors the scales will be weighted in favour of expediency. There is a further dilemma. Is the Treaty a document wiping out the past and permanently settling the relations of Ireland and the British Commonwealth upon a new basis of reciprocal good faith and goodwill, or is it a shrewd tactical move in a hostile Irish campaign which will continue under altered forms? The opposition to it is not, as to Home Rule in the past, from those who prize beyond all their membership of the Commonwealth. It is from those who have made antagonism to the Commonwealth the symbol and shibboleth of their political faith. In the constitution, as now in the Treaty, it is the link of union upon which the opposition will concentrate.

The temptation in framing the constitution to steal the Republican thunder will be severe. From the beginning of the Treaty struggle it has proved so. It has been fostered by the passion for a superficial unity and by reluctance to break with old associations and to stand upon a fresh alignment in a way that would have been treason to the national cause six months ago. The supporters of the Treaty have blurred the issue of principle it raises by presenting it as one of method. The Irish people has not yet been asked to declare that it is friendship, as well as freedom, that shall be born of the Treaty with Great Britain.

The draft constitution will be the final interpreter. Its tenour will show whether and in what degree the Treaty is to be recommended to Ireland as the permanent basis of an unashamed partnership upon equal terms in the freedom and fortunes of the British Commonwealth. A straight-



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forward appeal would certainly, in the existing circumstances, demand moral courage of a high order. It would be a fruitful act of peace and appeasement to which the North could not remain indifferent. It would strike directly at the oldest and deepest sources of Irish disunion and its sponsors would stand to reap in their own field the assured stability of the Irish State. A constitution that strains the terms of the Treaty in an attempt to disarm Republican hostility will defeat itself. Even in Southern Ireland it could afford no sure and distinctive foundation for the institutions of the country—nothing for which its citizens could stand as against disruption in the future. It could not placate opponents who are not open to compromise of any kind. All that it could with certainty do would be to force exclusion more rigorously upon Ulster and compel her to reorganise her life at whatever cost on a permanent footing of partition. Pushed to extremes, it is obvious that subtle and casuistical manipulation of the Treaty terms in this sense might even reopen the constitutional issue with Great Britain, which all the world hoped and hopes that the Treaty has solved. The disastrous possibilities of that event we may still hope to be spared.

How little the Ard-Fheis had influenced the general position in Ireland, unless for worse confusion, subsequent developments were swift to show. The truce it had proclaimed was not a truce but a deadlock to which almost every day, as it came, contributed new dangers.

The political campaign of speeches in the country had scarcely opened when the Republican party began to finger a deeper note in the octave of argument. Speaking on March 5 at New Ross, in County Wexford, Mr. Brugha made a statement with regard to the army's attitude to the elections.

I know (he said) the Republican Army and know the spirit of the men, and I am of opinion that, first, with regard to the men who have done the fighting and have no votes, that they are going to see that there is trouble if Ireland is brought within the British Empire

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without giving them a voice or opportunity of saying what they consider about the matter. If they are going to be overborne by the votes of people who have made no sacrifice whatever, and if those preponderating votes are going to make them British subjects, those men will likely make themselves to be heard in a much more strenuous way than by merely registering votes.

This must be placed on record as the first public encouragement given in this campaign by a presumably responsible Irish politician, of armed resistance to the elections.

Mr. Brugha lit his match in an atmosphere already well-charged with explosive opinions. On the morning of the Ard-Fheis meeting the Press had published a proclamation signed by the Commandant and eight battalion commanders of the South Tipperary Brigade. Recalling that a minority "saved the nation" in the rebellion of Easter Week and convinced that "a beginning must be made somewhere, some time, and by someone," the signatories proclaimed that the attempt to set up the Government of the Free State was illegal and immoral. Other units of the army were summoned to follow the Tipperary example and "unite to defeat their domestic enemies."

This movement in the army was carried into the practical stage on March 4. An armed force of several hundred Republicans commandeered and occupied the principal hotels in Limerick. For a week Limerick hung on the edge of war. Eventually by the intervention of Mr. O'Mara, the Mayor of Limerick, a compromise was reached.

The next sign came from Cork, where a large meeting addressed by Mr. Collins on March 12 was attended by disturbances and threatened, though not stampeded, by revolver shots from young Republicans. Every week now improved upon this first half-hearted attack on free speech. Sporadic violence at Cork became, in quick crescendo, organised obstruction and finally armed defiance of the right to make or to hear speeches on the Treaty's behalf.

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Appeals from Press and platform were now showering upon Mr. de Valera to dissociate himself from the indefensible tactics of his presumed supporters. The ex-President of the free Republic preserved a silence which did more honour to his discretion than to his Republicanism. He allowed, however, some indications of his way of thinking to appear in a speech at Thurles on March 17, St. Patrick's Day.

Up to the present, he urged, when Irishmen fought for independence it was against a foreign Government and foreign soldiers, but if they had to fight for it now it would not be over the dead bodies of foreign soldiers, but over the bodies of their own countrymen, and they would have to wade through the blood of the soldiers of the Irish Government, and perhaps through that of some of the members of the Irish Government, to get their freedom.

Plainly Mr. de Valera's silence on the subject of the events reported daily, if it did not give support, gave consent to the gunman policy. If it might be necessary in the future to wade through the blood of Irish soldiers and Irish members of a Government set up and maintained by a majority of Irishmen, would it not also be justified and expedient in the present to begin with the soldiers and members of a Government that had yet to be confirmed in power by the Irish electorate?

Even in a country as thoroughly enured to the language of force as Ireland, these virtual incitements to civil war chilled the blood and stopped the heart for a moment. A hitherto indistinct contingency was taking actual shape before the eye. On the simple position described in the speeches from which we quote it might have been sufficient for Mr. de Valera to base himself. They justified revolution in any case against a decision favourable to the Treaty, so long as Great Britain declined to accept the Republic in advance. But a subsidiary argument had been strung to the Republican bow. In correspondence with Mr. Griffith in the early part of March, Mr. de Valera challenged the

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validity of the parliamentary register and demanded its revision before the elections. Mr. Griffith replied that the Dail administration, under Mr. de Valera's presidency, had, four months previously, reported on the register as satisfactory; that a new register, as experience showed, could not be prepared in much under six months; that he was not prepared to delay the people's decision for more than the three months already agreed upon at the Ard-Fheis; and that the first election after the establishment of the Free State would be based upon a new register and adult suffrage. An acrimonious correspondence carried the question no further, and closed. Mr. Griffith had shown that there did exist a point beyond which his Government could not be pushed. The Republicans had brandished the stick with which the elections could most plausibly be beaten.

By this time the political colour was fast fading out of the whole controversy. A third figure was already in the wings and preparing to dispute with Mr. de Valera himself his right to speak for the nation. Mr. de Valera and his political associates had balanced themselves uneasily between democracy and dictation. What the advocates of the Treaty and the General Elections had now to face was a frankly military opposition with both feet firmly and defiantly planted "on the rock of the Republic."

A powerful movement in the army, headed by Mr. Roderick O'Connor, Director of Engineering in the I.R.A., now declared its intention of throwing off its allegiance to the Dail and reverting to the former status of independence as Volunteers on the plea that the action of the Dail, in voting to disestablish the Republic, had absolved the army from its oath.

An Army Convention met in Dublin on March 26 in spite of the ban of the Dail Cabinet. It was attended by 217 officers. After the meeting a short statement was issued announcing that an Executive Council had been elected to control the army, repudiating the authority of

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the Minister of Defence and his Chief of Staff, and ordering the cessation of recruiting for the regular forces and the Civic Guard then being formed under the Provisional Government.

The *Freeman's Journal* expanded this account of the proceedings with some interesting details circulated in an official report from the headquarters staff loyal to the Dail. It appeared that the meeting had discussed in the most cynical fashion the best means of introducing a dictatorship, the suppression of the elections, and the prospects of civil war. It was decided, according to this account, that "if the Executive considered fit, they could suppress the elections." The re-imposition of the Belfast boycott was also agreed upon.\*

Unless Ireland is now saved by what can only be a miracle of conciliation, March 26 must be set down as one of the grimmest dates in her history. For Mr. O'Connor and his following the Republic has an indefeasible right to exist irrespective of the people. The Republic is his religion and compromise is sin. If the people are in heresy, they must be converted, by force if necessary. The trial of argument has yielded to a trial of strength.

### III. THE BRINK OF CIVIL WAR

THE state of order in many districts was now deteriorating rapidly. From various parts came reports in increasing number of sporadic attacks on barracks and posts held by the majority forces, with the loss of casualties or prisoners to one side or the other, ambushes, shooting affrays and kidnapping.

With the ground growing more and more treacherous

\* It was claimed for the Convention that 80 per cent. of the army was with it. This was certainly an over-statement. In a circumstantial survey published some weeks later the official command estimated that it had obedience from 75 per cent. of twelve divisions and from between 30 and 50 per cent. of the remaining four. We can give no opinion as to the accuracy of these figures, though they are certainly nearer the truth.

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under its feet public opinion in Ireland grew increasingly restive and anxious. Trade was stagnant and unemployment growing. The prospect of reaching finality through a General Election was dimmer than ever. Fears that Easter week would be celebrated by another Republican revolution were widespread. Strong action by Mr. Griffith's Government meant the certain precipitation of bloodshed and their reluctance to force the issue had reason behind it. Yet a Government whose inactivity could equally pass for lack of power or plan gave public opinion no rallying point. Towards the whole position the public attitude was now one of growing indignation and disgust. Its political representation being for the time in abeyance, it turned more and more to the hope of some neutral intervention.

For some time influential attempts had been on foot to secure a meeting of the leaders to consider the question of a truce. These culminated, on April 13, in a conference convened by the Catholic Archbishop of Dublin and the Lord Mayor. In addition to Messrs. de Valera, Griffith, Collins and Brugha, the Conference was also attended by Mr. O'Mara, the respected Mayor of Limerick. The first meeting reached no agreement and adjourned till the following week.

Mr. O'Connor made the position clearer but not more hopeful the following day by explaining to an interviewer that he had nothing to do with any political party and declaring himself unconcerned in the issue of the Conference. A few hours later his independence became more explicit. In the early morning of April 15, a body of armed irregulars under his orders seized the Four Courts in Dublin—the Law Courts and Record Office of Southern Ireland—and put them in a state of defence with the intention of holding them as the permanent headquarters of the Army Executive. Simultaneously an even more serious challenge to the Government came from the provinces. A meeting to be addressed at Sligo by Mr.



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Griffith on April 16 was "proclaimed" by the irregular forces which held the town. The challenge was promptly taken up. Mr. Griffith declined to give way. A strong detachment of loyal troops was drafted into Sligo. Firmness carried the day and the meeting was held without disturbance. On the evening of the same day Mr. Collins returning from a meeting in the country became involved in a street skirmish in Dublin and disarmed and captured one of his assailants.

Mr. Griffith's Sligo meeting was a severe moral defeat for the military party. The conspicuous courage of both men in their several ways that day gave an impetus to the movement of independent opinion in the country. At their Easter conferences in the capital, the national organisations of the ratepayers, farmers, tenant farmers, and teachers, without expressing an opinion on the merits of the Treaty, joined in the indictment of militarism. The ratepayers took a further step in arranging for an all-Ireland demonstration in Dublin on May 14 calling upon Dail Eireann to assert its authority. Labour gave powerful support to the campaign of protest. April 24 was made a day of silent and impressive warning by a general strike which completely paralysed the normal activities of the 26 counties.

The resurgence of public opinion and the attitude of organised Labour are two facts not to be set aside. Irish Labour is a well-disciplined organisation, containing over 300,000 members, under the shrewd leadership of Mr. Thomas Johnson. A substantial element professes Communist doctrines. But it is realist in its politics. The struggle between Sinn Fein and the British Government neutralised its power in domestic questions. Labour was called upon by Sinn Fein, if not to assist, to stand aside and defer its special interests to the interests of the national movement. Labour has not been free to bargain for the standards of life which the British working-class has secured. It has arrears to make up. Partly it looks to the



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Treaty as a means of obtaining government under settled conditions in which it can operate freely. Partly it realises that the working-class, as much as any class, stands to lose under military rule. It was not with enthusiasm that it left its liberty in the temporary keeping of Sinn Fein. It is not at all likely to surrender it to the mutiny.

After the Conference had held another abortive meeting on April 20, there was a general expectation that Labour would be added to its membership. Three of the Labour leaders attended the meeting of April 26. This, too, failed of agreement. Labour was active in mediation in the days that followed. But the gulf between the parties, widened now by personal feeling and the growing acrimony of the whole controversy, was beyond bridging. When the Conference rose on April 29, Ireland learnt without surprise, though with deepening apprehension, that "no useful purpose could be served by prolonging its sittings."

The resources of conciliation had been exhausted. In the course of the Conference the Republicans had rejected all proposals for a plebiscite or a general election. Mr. Griffith and Mr. Collins had gone the length of waiving the question of the register. Even the offer of a plebiscite *en masse* failed to draw Mr. de Valera towards compromise.

The Dail Government then announced their determination to go forward with the elections. No other decision was possible even though it entailed for Ireland a fresh plunge into confusion and bloodshed that in some districts—in Dublin, Cork and the South-West almost certainly—cannot fall far short of civil war. How far the decision can be made effective will still depend, at least as much upon the people's willingness to take risks for the vote, as the protection which the forces at the Government's disposal can afford.

The only remaining power in Ireland in any degree capable of exerting itself as an independent check to the conflict which is imminent is the Church. Great as its influence is, the Church has not escaped injury in the

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general decay of moral discipline that the past three years have seen. Warfare by assassination was a defiance of the Church's teaching. If here and there it was openly condoned, the authority of the Church could not but suffer the more.

It is hardly necessary to record that in so clear an issue as the present the hierarchy has thrown its whole weight on the side of civil peace. In a manifesto issued by the Bishops in conclave at Maynooth in the last week of the Dublin Conference, the Church gave its final counsel to its people :—

Like the great bulk of the nation (it stated) we think that the best and wisest course for Ireland is to accept the Treaty and make the most of the freedom it undoubtedly brings us—freedom for the first time in 700 years.

And it urged again “that the use of the revolver must cease and the elections, the national expression of self-determination, be allowed to be held, free from all violence.”

In the same week violence took a form even more alarming than that contemplated in the Bishops' manifesto. On successive days nine Protestants were murdered in different parts of County Cork. It was evidently the work of a gang working on a coldly deliberate plan. The motive was questioned but could hardly be other than that of revenge for the death of Catholics in Belfast. Southern Ireland boasts with justice that it has been remarkably free from the purely sectarian hatreds that have come to characterise Belfast. From all parties and from the Press the ghastly news from Cork drew united protest and denunciation. The hands that did this terrible work threaten Irish civilisation much more gravely even than the rifles of Mr. O'Connor. At the same time, it is a fresh and sinister revelation of passions and practices that his campaign may yet release, and it is a footnote to the story of the mutiny that might mean much in another chapter.

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### IV. ULSTER AND THE BORDER STRIFE

THE Cork incidents recorded above are a crude and grim example of the inevitable interaction between Northern and Southern conditions. Nothing has been more certainly established by the past six months than that, while partition, in any strict form, lasts, the Irish problem will remain unsolved. That is not a criticism of the so-called partition policy which framed the 1920 Act and set up an Ulster Government. Far from it. The aim of the British Government was not partition for partition's sake. It was and is partition for unity's sake. Nothing yet has happened to invalidate the belief inspiring that policy, that "the longest way round is the shortest way home"; that a Dublin Government is no more capable of unifying Ireland than was the British Government; and that, fixed severally with responsibility for their areas, the two majorities in Ireland must face the necessity of coming peaceably to terms. It would be impossible to claim that either party, certainly not the South, had yet accepted fully the logic of this position. But in Ulster no responsible person indulges or pretends to indulge any longer in the luxury of indifference to Southern conditions. The true partitionists of to-day are the extreme English Unionists of yesterday. For them the only hope is a sea-wall surrounding the Ulster island against which the waves of outer barbarism will dash in vain. For them Ireland is two peoples. That may be arguable. But the period through which Ireland is passing would sufficiently prove it, if proof were needed, one country.

The friction between North and South, at least in its present phase, dates from the Treaty itself. The Treaty provided that from the date of ratification—afterwards decided as the date on which the Imperial Parliament should ratify the Free State constitution—Ulster should come

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within the orbit, though not under the jurisdiction of the Free State Government. Within one month from that date Ulster was to choose between the jurisdiction of Great Britain and entry into the Irish Free State upon terms to be arranged directly between North and South. Should Ulster elect to remain with Great Britain, a Boundary commission, consisting of a Northern and a Southern representative and a British chairman, was to delimit the frontier "in accordance with the wishes of the inhabitants, so far as may be compatible with economic and geographic conditions."

These provisions of the Treaty roused strong feeling in Ulster. Ulster was not a party to the Treaty and had not been consulted. Had Sir James Craig been consulted the Treaty would have been strengthened in its weakest part. Now the boundary question had been postponed, if not aggravated, by a formula which, as all Europe knows, is capable of bearing contradictory interpretations of equal weight. Against that it was argued that, had the Treaty not been signed at the time and in the form in which it was signed, there would have been no Treaty. Ulster herself had prescribed the time limit to the Treaty negotiations which had forced the negotiators' hands.

In a strong letter to the Prime Minister Sir James Craig protested against the "automatic inclusion" of Ulster in the Free State and reserved his right to dissent from the Boundary Commission. Meanwhile, in the Southern fringe of the six counties various local authorities had decided to ignore Belfast and to recognise the authority of Dublin. The Ulster Government promptly took powers for direct administration in the defaulting districts. Undoubtedly Sinn Fein in the six counties had been emboldened by the hopes it read into the Treaty to challenge the Northern Government. The tension in Belfast was extreme. Towards the end of December and in the early part of January there were outbreaks of shooting and disorder in the warren of mean streets which comprise

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the industrial quarter of Belfast. A description sent to his paper about this time by a special correspondent of *The Times* gives an illustration of the nature of this disorder and the extraordinary difficulty of coping with it which is worth holding in mind :—

The shooting is inflicted almost wholly by snipers from well-covered positions. As often as not the victim is an accidental one. Shots are fired from behind chimney stacks on the tops of the low rows of houses in the poorer districts or through holes in the roofs of cottages made by removing slates, and all that the police and soldiers have to guide their counter fire is the momentary flash as a shot rings out. Raids by the police on houses in search of arms are dangerous and have proved of little effect, for whole rows of houses are burrowed through by breaches of the internal walls. I was taken to such a street in a particularly notorious part of the town this forenoon. All the houses in the row are tenanted by people of the same sympathies, and if the police were to enter any one house in the row no revolver, gun, or ammunition could be discovered there, and no charge, therefore, could be laid against any one tenant. Short of surrounding a whole block, and then ransacking every dwelling, the police could not hope to get on the track of a particular sniper. The man and his weapon would always be separated by several dwellings.

In addition to the shooting, which during the week-end caused a partial suspension of the tramway service, waylayings, kickings, and other forms of violent assault and robbery go on regularly and pass almost unnoticed. The victims are often unknown to the assailants, except that the confession of belonging to the one or the other faction is in some cases first extorted by a knot of ill-doers closing round a suspected intruder of the opposite faction. Naturally, in the circumstances there are plenty of ordinary criminals, not professing any religious or political passion, who are ready to take advantage of the prevalence of an atmosphere of rancour and conflict for the simple purpose of theft.

On January 21 Sir James Craig and Mr. Collins met in London. The result of a conversation of two hours was an agreement which caused surprise and delight on either side of the St. George's Channel. The two leaders agreed to dispense with a British chairman for the Boundary Commission and to improve on the machinery of the Council of Ireland. Mr. Collins undertook to raise the boycott of

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Ulster, Sir James Craig to secure the reinstatement of Catholic workmen as trade improved. Both Governments were to co-operate for an all-Ireland settlement of railway troubles. The agreement seemed to justify the highest hopes that the Treaty had raised.

Optimism, however, had a short run. Sinn Fein delegations from Ulster were coming South with their troubles at this time to the Dublin Government. Feeling in the South is readily stirred by accounts of "Belfast pogroms" and the plight of the Northern Catholics was a weapon which the pro-Treaty party in the South had particularly to fear in the hands of their opponents.

On February 2 at a further meeting of the two leaders in Dublin negotiations broke down completely. An agreed statement attributed their failure to "the Irish delegation's agreement with the British Government that large territories were involved" under the award of a Boundary Commission, while Sir James Craig had been "given privately to understand" the contrary. The British Government denied completely that anything had been said to justify Mr. Collins' statement or to prejudice the work of the Commission. It stood by the terms of reference in the Treaty. In point of fact, Mr. Lloyd George had made it clear in Parliament that he himself had in mind only a boundary rectification which might even increase the Ulster area. Subsequently Mr. Collins explained to the Press that under the Treaty plan "we secure immense anti-partition areas" and, in language that Ulster could interpret as a threat, that a united Ireland was necessary for peace. It was also hinted in the Press that measures to dislocate the machinery of government in the North might be resorted to.

On the border itself the reaction to the deadlock and, perhaps, to the tone in which official and semi-official voices had spoken in Dublin, was rapid. In the early hours of February 8 armed Sinn Fein forces broke across the south-western frontier in a number of places and carried off a

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number of prominent Unionists from Fermanagh and Tyrone. There were further raids in Fermanagh the following night. Dublin explained them as retaliation for the retention of three Sinn Feiners under sentence of death in Derry gaol, news of whose reprieve had not reached the raiders. Ulster mobilised the special constables of Tyrone and Fermanagh and prepared the defence of her frontier. In Parliament the British Government was strongly pressed to intervene. Either party in Ireland appealed to it to control the other. Feeling was raised to fever pitch by an affray at Clones station on February 12, the origin of which is still disputed. A party of special constables travelling on duty were compelled, by reason of the railway route, to cross a strip of Southern territory, and came in conflict with a company of I.R.A. Four of the constables were killed and eight wounded. An I.R.A. officer was killed.

Belfast completed the vicious circle. The storm broke during the week-end February 11-13, sparing neither women nor children. In five days there were 100 casualties, more than thirty of which were deaths. The curfew was reimposed and a proclamation requiring the surrender of firearms issued. Despite the efforts of the Government and appeals for restraint, the Belfast vendetta continued, with few interruptions, daily during the rest of February and March.

The Ulster Government took further steps during March to regain control of disorder. Sir James Craig announced that he had invited Field-Marshal Sir Henry Wilson, who had just retired from his post as Chief of the Imperial General Staff and was about to take up the parliamentary representation of North Down, to frame plans for the restoration of order and that up to £2,000,000 would be set aside for this purpose. St. Mary's Hall, the Catholic headquarters in Belfast and centre of the Catholic relief administration, was seized by police. A Bill giving the Government special powers to deal with violence and



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prescribing special penalties, including flogging, was passed quickly through the Ulster Parliament.

Border incidents continued with raids and acts of aggression from the Southern side. The Ulster Cabinet announced on March 15 that it had ordered the constabulary to refuse to continue the frontier liaison arrangements which had been instituted shortly before in agreement with the South, or to recognise the I.R.A. It was "at war with the I.R.A." At the same time Ulster remained strictly on the defensive. Sniping by the Southern forces along parts of the border was not replied to.

In Belfast in the early hours of March 24 the hideous turmoil reached its climax of infamy. A gang of armed men broke into the house of a quiet Catholic family called Macmahon, dragged the father and five sons from their beds, together with a male employee, and shot them in cold blood. A boy of six only escaped by hiding. According to the deathbed statement of one of the victims, some of the gang wore the uniform of the Special Constabulary. It is a story which could not have been credited a few years ago of any English-speaking city. The reproach to Belfast increased the determination of decent citizens to clear the name of their community. From the South it brought an appeal from the Sinn Fein organisations for action against the North, denunciations from Southern Protestants, and reminders in the Press that it was still the British Government which financed the Northern Constabulary.

Matters had reached this pitch when, on the same day, the British Government invited Mr. Collins and Sir James Craig to a fresh conference in London. It met on March 29 and at its sitting on the following day a fresh agreement was reached between Ulster and the South. In this new pact Ulster made a series of important concessions to the Catholic minority. Special arrangements were agreed to under which, in mixed districts, half of the special police should be Catholics and an advisory committee was provided for to select Catholic recruits for the force ; a special court

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was to be set up to try, without jury, cases of serious crime, and a committee, consisting of Protestants and Catholics in equal numbers, to investigate complaints of intimidation or outrage ; I.R.A. activities were to cease in the six counties ; in the month during which Ulster is to exercise her option under the Treaty, the two leaders agreed to meet again and discuss the question of Irish unity or, failing that, the means of settling the boundary dispute without recourse to a Commission ; and the Northern signatories agreed to use every effort to secure the reinstatement of the expelled workers. For relief works in Belfast the British Government contributed £500,000, one-third to be spent for the benefit of Catholics and two-thirds for the benefit of Protestants. The two Governments further undertook to discuss the release of political prisoners, and concluded their agreement with an appeal for restraint in the interests of peace.

The first article of this engagement runs, "Peace is to-day declared." They were words heard with relief in both countries. But a too sanguine acceptance of their face value was not to be expected. The fate of the first agreement was too recent, the actual spectacle of Southern disunion too plain. In Parliament Mr. Devlin gave the document his blessing. The Ulster Government lost no time in giving it legislative effect. The whole business community of Belfast rallied to its support and an "Ulster Association for Peace with Honour" was founded to further its purpose. The Churches of Ulster backed it with a united appeal for peace.

In the South, however, an unauthorised and damaging boycott was already in full swing. Trains from the North were held up and Belfast goods taken out and burned. The Republican ban was even extended to pictures by Northerners in the Hibernian Academy. Masonic halls in various places were seized or burned. Mr. de Valera poured lofty and patriotic scorn upon "that blessed pact."

The Border became quieter. The agreement was

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followed by further ambushes and attacks on Specials. Later the Government seemed to regain control of the Northern forces. Along part of the Fermanagh "front" Northern and Southern officers agreed upon an armistice and withdrawal from contact.

In April, however, directly after the Pact, the deadly and sickening strife of the Belfast underworld flamed up again. Even while the new experiments—for Belfast, novel experiments—in conciliation were on foot, the sniper, bomber and gunman continued to take their furtive toll of life. The efforts of the police still failed to bring murderers to justice. One of the worst episodes of the month was the bombing of the congregation assembling at St. Matthew's Catholic Church on April 24. On the same day three Catholic children were wounded by snipers and a blind Protestant shot dead in his house. Lord Justice Moore, addressing the Grand Jury in Belfast on April 26, stated that since February there had been 97 murders and 59 acts of attempted murder in the city. On the authority of the Commissioner of Police he declared that those engaged in these outrages numbered less than 1,000 in a population of nearly 400,000. The Belfast Catholics appealed to Mr. Churchill. The Irish hierarchy on April 26 issued from Maynooth a statement renewing the indictment of Belfast and prescribed a day of intercession for peace. On the following day five Protestants were murdered in Cork.

The thousand miscreants of Belfast were holding up not only their own city, but all Ireland. In this poisonous atmosphere of sectarian embitterment the endeavours of Sir James Craig's Government to fulfil its pledges could not keep co-operation with Dublin alive. On April 21 the Southern Government telegraphed its refusal to proceed with the joint Railway Commission. Mr. Collins in another telegram declared that further progress under the agreement was impossible. Sir James Craig defended himself in a conciliatory note. Mr. Collins sent a somewhat heated reply maintaining his points. The issues

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raised are not incapable of settlement : they chiefly concern the release of political prisoners and the work of the Conciliation Committee. What is lacking is a spirit of mutual confidence to give the agreement real life. It is still the supreme interest of both parties to make again the effort which has twice been made and has twice failed. The one hope in the meantime is that the Northern Government will have the forbearance and sagacity to carry through in its own area all it can single-handed of the programme of appeasement.

We have seen the identical but opposite halves of the vice in which Ireland is gripped. The main stimulus to the Belfast slaughter is to be found in hostilities from the South. The main cause for hostilities from the South is the Belfast slaughter. But Mr. de Valera, Mr. Rory O'Connor, and the like have other reasons for encouraging hostilities. They are an integral part of the Republican campaign against both partition and the Provisional Government. Mr. Collins evidently does not consider himself strong enough in face of his Southern antagonists to grant an ungrudging recognition of the reality of the Ulster state. Until he does, the sore in Belfast will not truly heal. Sometimes it has seemed that Mr. Collins himself leans rather to the compulsion than the conciliation of Ulster. It has seemed that his own mind is not clear on the fundamental choice for the South between the separatist ideal and the unity of Ireland. North and South have still to learn that more can be got or saved by agreement than will ever be got or saved by force. But the history of the two pacts suggests that Ulster has been learning the lesson more quickly. No one who has followed the speeches of Sir James Craig can fail to be impressed by his genuine detestation of violent crime in whatever name pursued, and his conciliatory perseverance.

The picture would be incomplete and unfair if we omitted the fact that Ulster contains a strong element of extremism exactly counterbalancing the extremism of the

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South. There are Ulstermen, not a few, in whom it is impossible to distinguish the expectation from the hope that the Treaty will fail and the South founder in chaos. Their dearest wish and their confident prophecies would be equally satisfied on the day which saw the British Government re-committed to the government of Ireland. After seven centuries of failure their remedy for disorder and disaffection is still that of British bayonets. This group has now a powerful representative in Sir Henry Wilson. He draws, perhaps from his Irish origin, a life-long conviction in the all-round utility of force, and it has been well seasoned by his military training and his distinguished military experience. As Chief of Staff he has surveyed the weaknesses of the Empire and he has confessed himself conscious of a mission in Ulster to save "our rocking Empire" by methods which the Imperial Government has, in his opinion, foolishly if not criminally, deserted in Egypt and India. His influence is seen in the presence of a "military adviser" at the elbow of the Ulster Government, and in the stress which is laid upon the perfecting of its quasi-military defences.

The business community of Belfast, however, holds more moderate and more practical views. These are represented and fortunately tend to dominate in the Northern Government. The boycott, armaments and a state of insecurity amounting almost to civil war are equally injurious and repugnant to the business man.

The gravest consideration affecting Ulster remains. In Belfast there have been faction fights often, riots sometimes, but never before disturbances of the nature or on the scale which have disgraced its name before the world in the present year. A year ago it was recorded in the pages of this review that Ulster still recognised, what the rest of Ireland had ceased to recognise, the distinction between battle and murder. That can no longer be said. The evil contagion has gripped Belfast more desperately than any place in Ireland. It almost seems as though murder were

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now endemic in the city, claiming as its deliberate victims not only men and women, but children and even infants in arms. The traditions which have been torn down recklessly and callously cannot be quickly or easily re-erected. It will need the patience and wisdom of a generation to make good what has been lost. Until then the malign habit which has been formed will dog the repute and security of Belfast and, through it, of all Ulster. In eight years the wheel has come full circle.

### V. THE RÔLE OF GREAT BRITAIN

THE account of the foregoing pages has indicated the general attitude of the British Government towards the Irish problem in this time of transition. So far the British Government has successfully kept to the narrow path marked out for it between fear in Ulster and suspicion in the South. Without re-entering the Irish ring it has continually to allay the one without exciting the other. What one demands of it the other warns it against. If either rose to the extreme pitch of action the Treaty and the project of a new Ireland would be in danger of destruction.

The first condition for the success of the Treaty, in view of the tragic history of Anglo-Irish engagements, was its rigorous and scrupulous execution on the British side. It has been and is being carried out to the letter. Parliament has passed the Free State Act, confirming the agreement. Amendments, whether of friendly or unfriendly intention, whether to amplify, restrict, or interpret the original instrument of peace, have been consistently withstood and rejected. The protests of the English Die-hards have been as unavailing as the comminatory and satirical vehemence of Lord Carson.

The success of the policy is not yet secure, but its first-fruits are beginning to show. Almost for the first time in



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Ireland British good faith is beginning to be taken for granted. Even the Republicans cannot call the intentions of the Government in question. "England the enemy" has begun to disappear quietly and unobtrusively from the Press and the platform. The lifting of British control and the withdrawal of British troops have begun the release of Southern Ireland from the artificial unanimity imposed upon it by a historical antagonism. There have been, in fact, and there will be attempts to regain the unanimity by reviving the antagonism. It is a sign of the change.

Even with the support of a great parliamentary majority and a corresponding majority—for this purpose—of opinion in the country, the British Government's task has not been easy and at times it has been thankless. It could devolve responsibility upon the Provisional Government, but not authority. This nothing but Ireland itself can confer. In this situation the British Government has had to stand aloof while irresponsible subjects of the Provisional Government emphasised their independence of it by outrages against things and persons of British concern. The seizure of a British ship and British munitions, the kidnapping of a British officer, the shooting of a British soldier, the murder of a discharged member of the R.I.C.—all are cases in point. In every case the Government has been right to insist upon the responsibility of the Provisional Government for bringing the criminals to justice, however slight the confidence in its present power to do so. But such instances have given the Die-hards, owing no obligations to the Treaty, an easy task in making the Government's unswerving adherence to its policy appear as the tolerance of crime.

The ill-feeling between North and South imposes a special strain upon British neutrality. Great Britain is pledged to secure Ulster against coercion. It is her duty in the last resort to defend the Ulster border. It is also in the interest of her Irish policy that she should not be compelled to intervene. The Provisional Government is



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similarly pledged, but could not, at present, give an absolute guarantee that its forces in the North will in all circumstances and in face of any provocation obey its orders. At the same time it is the British Government which supplies the rifles on either side of the border. It is a position which might at any moment test the judgment of the British Cabinet in the highest degree. From Ulster it calls for the continued and increasing exercise of patience and restraint and a willingness, in spite of all, to meet the South upon any matter on which it reasonably can be met.

Ulster's representatives were not a party to the Treaty. It has had from Ulster neither consent nor approval. It is within the power of Ulster, if she wished, to take action that would wreck the settlement. She could build upon the present conditions in Ireland and upon the requirements of her defence a formidable justification for such action. It would throw the Irish question back into British politics in a confusing form, but, were opinion in Great Britain brought to the test again, Ulster could still no doubt rely upon the support of a powerful minority. To an Ulster mind the temptation will often be strong to focus itself upon what appears as the local interest, to decline all share in a responsibility which it has not accepted, to cut its Gordian knot, and to base itself again, as in 1914, simply upon an armed negation.

We need not argue here whether or not Ulster interests would be truly served by such a course. The position is that with the strong approval of the whole Commonwealth, Great Britain stands committed to the Treaty. The high stake of the Treaty is peace with and in Ireland, with all that that means to the unity of the Commonwealth and its standing in the world. In that stake Ulster is interested in common with every other community that claims to put the interests of the Commonwealth first. But the venture challenges Ulster peculiarly. It calls for a difficult sacrifice, a sacrifice of opinion upon a matter affecting her security. It requires her to see the Treaty as the Commonwealth

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sees it and to give it some confidence as an instrument of conciliation in Southern Ireland. If Sir James Craig proves himself in the coming months the leader of Imperial vision that we have already reason to think him, Ulster will not refuse in the most crucial stage of the Treaty policy, in which the question of Irish unity or the boundary question will fall to be decided, to take some risks for a plan which is not her own. The fact that from his most stalwart supporters Sir James Craig might have to face charges of weakness and even of betrayal will not make the coming test any less a trial of statesmanship.

For the rest, Great Britain has sown the seed at last with a sure hand in a straight furrow and must abide the harvest. The limit of her power to help it is to avoid short-cuts that will trample the growth. It is Nature's provision that the young shoot bears the worst of the weather. There are storms in Ireland to threaten the yield. Their gathering is seen with anxious eyes. But good husbandry knows the seasoning virtue of the wind and the clouds and will not yet give way to despondency.

## THE COMMUNIST EXPERIMENT IN RUSSIA

*People are asking to-day whether the Bolsheviks can be trusted to carry out their part in any agreement that may be concluded with them at Genoa. The horrors and catastrophes which justify such doubts are not dealt with in the following article, but the writer, who has first-hand knowledge of conditions in Soviet Russia, gives some economic reasons which may compel its Government to return to the principles of private property and the sanctity of contract.*

AN attempt is being made at Genoa to build a bridge across the gulf separating Russia from Western Europe, which until now has been spanned only by a few trade agreements (*e.g.*, the agreements between Soviet Russia and Great Britain, Germany and Norway), some of which are definitely of a provisional character, pending a final European settlement of the Russian question. The actual task of bridge-building is not easy ; some are doubtful as to whether it is possible. Even those who consider that some bridge of a permanent character which would stand heavy traffic should be built are at variance as to the best design. But however interesting it may be as a political study to examine the various plans proposed and the conflicts of opinion which arise, such an examination does not go to the heart of the matter. No doubt great technical difficulties have to be overcome before a bridge is built, but the usefulness of the completed structure depends not on these, but

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on the volume of traffic which passes over it. Much is being written regarding Europe's need of Russia and Russia's need of Europe. In the present article attention will be concentrated on conditions in Russia, and in particular on economic conditions.

Accounts given of the state of affairs in that country differ profoundly, yet in one particular all agree. The "will to power" of those who now constitute the Soviet Government is the one relatively stable fact which the student of political and economic conditions in Russia must take as his starting-point. It is useless to argue at length as to the sincerity or otherwise of the Bolshevik leaders when they preach the gospel of Communism. What is really essential is that they are not prepared to hand over control to any other body, grouping or party, and that their every action is inspired by a firm determination to retain their seat in the saddle. Their policy is in consequence marked by extreme adaptability.

This adaptability is well shown in Soviet foreign policy. Russian money spent on propaganda in the East has been spent in support of nationalist movements which have no ideological connection with Communism and which are indeed definitely anti-communist. But from the point of view of the Soviet Government these nationalist movements have constituted a weapon which could be effectively used in the struggle with capitalist Europe.

Or if we turn to Russian policy\* in Europe we see the same opportunist methods—methods which led certain representatives of Western European Communist parties to complain at the congress of the 3rd International at Moscow last summer that international Communist policy was being toned down in order to avoid a clash with the interests of the Russian Soviet Government.

\* The word "Russia" will, for shortness, in the present article be taken as applying to "Soviet Russia," including all allied republics such as the Ukraine, Azerbaijan, the Soviet Governments of which are entirely dominated by Moscow, whatever nationalist or separatist sentiments may be harboured by the population.

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This pliability or adaptability of the Soviet Government adds greatly to the difficulty of the task confronting investigators of Russian conditions. There is but one political party in Russia—the Communist party. Expression of political opinions in opposition to the prevailing régime is severely dealt with. Elections to Soviets and Congresses of Soviets are carefully arranged, so that Zinoviev, for example, was able to declare before the Petrograd elections last autumn the precise percentage of non-party men (chiefly, be it noted, nominated by Communist party organisations) who would be returned to the new Soviet. As, however, the policy of the Soviet Government is one of adaptability *par excellence* it is difficult for an investigator to ascertain the precise truth lying behind any official statement regarding conditions in Soviet Russia. There can be no check in the shape of the views of the Opposition, since that Opposition is not allowed to find expression, while at the same time the official “Bolshevik” account will vary in accordance with the needs of the moment.

There is, however, this corresponding advantage, that once it has been ascertained that conditions in Russia are developing in a certain direction it is safe to say that no doctrinaire obstinacy on the part of the Government will prevent a corresponding modification of policy. This is of considerable importance for those business men who study the trend of events in Russia with a view to the possibility of investing capital there.

### I. ECONOMIC CONDITIONS IN SOVIET RUSSIA

THE course of economic development in Russia since 1917 forms a fascinating study and will, it is to be hoped, some day find a fitting historian. We are, however, particularly interested in Russia as she is now, and shall confine ourselves to taking such account of the past as may be necessary to explain the present. In the first place,

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there are certain facts regarding the economic structure of Russia which it is essential to bear in mind throughout.

I. It cannot be too often repeated that Russia is a country of peasants. The "settled" town population is comparatively small. In normal times the long, severe winter, involving the stoppage of all agricultural work, sets free a large surplus of labour, which found its way to the towns and factories only to flood back to the country for the field work of the summer. The link between town and country was thus peculiarly strong and constantly renewed. The industrialism of Russia, rapid as her economic development has been in the few years immediately preceding the war, had not yet produced a large class of proletarians pure and simple, of workers whose only source of income was the sale of their labour power. Such workers did indeed exist, but in relatively small numbers. Figures are proverbially dangerous, and Russian statistics are more than usually unreliable, but their evidence on seasonal fluctuations in the number of industrial workers—*e.g.*, of coal miners in the Donets basin—merely confirms what all employers of labour in Russia could attest from personal experience.

II. Russian industry depended almost entirely on the home market. There was no industrial export, and consequently no reserve from which shrinkage of production could be met without affecting home consumption. In a predominantly agricultural country this meant dependence on the harvests. It used to be said that if the harvests were bad and the peasant could not afford to buy a shirt there was an industrial crisis; if it were specially good, the purchase of two shirts meant an industrial boom.

III. The geographical structure of Russia is such that food and raw materials are mainly produced at the periphery, whereas the processes of manufacture take place in the central districts. In other words, central Russia received food and raw materials from the periphery, giving manufactures in exchange. The machinery imported from

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abroad for Russian industry was paid for by exports of raw material and food.

The inevitable effect of the civil war which raged from 1917-20 was to set up a barrier between the centre and the periphery. This, in turn, meant a shortage of supplies of raw materials and food in Central Russia, a shortage of manufactures in the outlying parts of the country. This internal blockade of Russia was of far more importance than the so-called "Allies' blockade"; especially if one bears in mind that Russia as a whole had in fact been blockaded since 1914, the only supplies received, and these by inconvenient routes involving a great strain upon transport, having consisted of munitions of war. The conditions of distress which prevailed in Central Russia in 1917-20 must therefore in justice be ascribed in part to the effects of the civil war and not specifically to the actions of the Soviet Government.

### II. THE SINGLE ECONOMIC PLAN

WITH this necessary explanation let us now pass on to consider how the Bolsheviks dealt with the situation when they came into power in November, 1917. Their chief supporters were the proletariat workers of the towns, who, as has been pointed out, were relatively small in numbers. Some step had to be taken to ensure at least the neutrality of the peasant. This was done by nationalising the land, by, in point of fact, allowing the peasants to seize the landed estates which they had always considered should be theirs.

As regards industry, the policy of nationalisation was also adopted. It is disputed whether nationalisation was forced on the Bolsheviks or whether it took place according to plan. So far as our present purpose is concerned, it is sufficient to say that in gradual stages practically all industrial enterprises in Russia were nationalised.



## The Single Economic Plan

The nationalisation of banks, which were regarded as the main instrument of hated Capital, was one of the first acts of the Bolshevik Government.

As month succeeded month and year succeeded year the scheme of the Soviet Government took more definite shape. It is referred to by Russian writers as the policy of a "single economic plan." In other words, production, distribution, and consumption were to be nationalised, were all to be brought within the compass of the "State plan." There were many links in this chain. The peasant, working on State (*i.e.*, nationalised) land, must give up to the State all his produce except that quantity which the State estimates as sufficient for his needs. In turn the State will supply him with the industrial products he requires from the output of nationalised industry. The worker in a factory will receive food, housing accommodation, medical attendance and, in fact, everything he requires from the State. The factory will produce what the State decides it ought to produce, and will receive its supplies of raw materials, etc., from the State. The co-operative society under this scheme is no longer an independent organisation, but is simply a part of the State scheme of distribution; all the inhabitants of town X being *ipso facto* members of the "single co-operative" organisation X through which they receive supplies of necessities from the State.

Under such a system money loses much of its importance. Possession of "purchasing power" is no longer the criterion of comfort. Lenin once defined Communism (the final, as distinct from Socialism, the intermediate stage) as the state of society in which each receives according to his needs and gives according to his ability. It will be seen that the single economic plan tended in this direction.

It has been said above that there were many links in this chain of relationships. But in outline the plan was simple: the country—*i.e.*, the peasants working on nationalised land—should feed the town, the town—*i.e.*,

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nationalised industry—should supply the country. Both sides of this equation proved to be miscalculations. The failure of the Communist experiment became evident in the winter of 1920-21.

The peasant had even during the war declined to sell his produce at low fixed prices. He now adopted the same policy, refusing to part with his grain except under compulsion. As the Bolsheviks required food at any cost to meet the requirements of the Red Army, of the workers in nationalised factories and of the general town population, drastic measures of compulsion were applied. Food detachments were formed—partly of Red Army soldiers, partly of workers from city factories—whose task it was to collect food and whose requisitions were often effected only after local battles. These measures, combined with the early attempt of the Soviet Government to sow dissension amongst the peasants by adopting as allies the “poorest peasantry” who had little land and themselves produced little, led to the peasants adopting the only possible line of defence—a reduction of the area sown to the minimum necessary for the maintenance of the peasants themselves. The acreage under crops steadily decreased.

### III. THE NEW ECONOMIC POLICY

THE Kronstadt rising early in 1921 opened the eyes of the Communist leaders to the political danger to which they were exposed. It was necessary at all costs to placate the peasants. The result was that following a congress of the Communist party, at which Lenin urged the necessity of a change of policy, there was passed in March, 1921, the famous decree abolishing the system of forcible requisitions, and introducing in its place the *prodnalog*, or food tax. Briefly stated, this decree enacted that after payment to the State of a certain tax in kind (calculated on the basis of the area under crops, and on

## The New Economic Policy

the number of "mouths" to be fed) the peasant should be free to dispose as he pleased of the remainder of his produce. This decree of March, 1921, marks the beginning of the so-called new economic policy, usually contracted to "NEP" (*novaya ekonomicheskaya politika*). Lenin termed the new policy one of State capitalism.

It is certain that even the Communist leaders did not recognise all the implications of the step they had taken. The new decree in fact dealt a deadly blow to the "single economic plan." The whole of that plan depended on the State being able to dispose as it pleased of all goods produced within Russia. During the policy of requisitioning the State had assumed responsibility for feeding no fewer than 35 million persons (in point of fact many of these received very little, but this point need not detain us). In order to make the *prodna*log a real concession to the peasants it had to bear less heavily on them, and to be lower in amount than the requisitions. A surplus had to be left in the hands of the peasants. The question arose as to how this surplus could be extracted from the peasant and made available for the State. The solution proposed by the Communist Government was barter through the co-operative societies. The co-operative societies should be given goods from nationalised factories to be bartered against peasant produce. Here, however, a difficulty immediately arose. As has been explained above, the Communist Government had converted the formerly independent co-operative societies into a part of the State machinery of distribution. The organisation by which co-operative societies had in the past collected agricultural produce had been destroyed. Hence the co-operative societies were not ready to commence their task immediately. A further weakness in the plan soon became evident. The State factories were unable to produce large supplies of goods suitable for peasant use. Even when goods were received the new co-operative organisation proved clumsy, and was hopelessly hampered by artificial

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"equivalents" at which alone barter transactions could be carried out. Small traders with supplies of goods obtained in some mysterious way (often illegal) began to pour into the country districts, and the peasants, finding that money once more meant purchasing power, began to sell for money. Soon, instead of a unified bartering apparatus, numerous competing buying organisations (individual workers, representatives of workers' co-operatives which were now set up, representatives of central Government Departments) were carrying out the work of grain purchase. In other words, the introduction of the food tax involved the authorisation of free trading in grain and in goods suitable for peasant use. Let it be added, however, that the political effect of the measure justified the hopes based upon it. In spite of natural distrust of the *bona fides* of the Government, the peasants in general showed a tendency to increase the area under grain.

The gap in the old policy thus made was bound to widen. It became evident that the State would be unable to obtain food for the 35 million mouths for which it was responsible. This number had consequently to be reduced. The lists of nationalised enterprises were revised with a view to discovering which of them were least necessary to the State and worst situated as regards raw materials, transport and labour—*i.e.*, were most difficult to run. Such undertakings it was decided should be leased either to co-operative societies or associations of workers, or even to private persons. It is not perhaps surprising under the circumstances that the number of enterprises leased has been small. The preference shown for undertakings producing articles of food is also quite easily explained.

## The Trustification of State Industry

### IV. THE TRUSTIFICATION OF STATE INDUSTRY

THE policy of leasing undertakings had thus proved a practical failure, and did nothing to economise State resources. It became necessary to take further measures. In summer, 1921, the idea of "trustification" of State industry was brought forward. A State trust in Russia means something quite different from a trust in Western Europe or America. Stripped of unnecessary complications, the trust system may be explained as follows. By summer, 1921, almost everyone had become convinced\* that it was impossible to run the whole of the industries of Russia by means of centralised departments in Moscow. The plan was therefore proposed of grouping together a number of factories in the same branch of industry and of calling this group of factories a trust. This trust, which is a State concern holding nationalised property, is to be run on commercial lines—on a basis of economic advantage, as the Russian decrees on the subject put it. In so far as supplies of raw material, money, etc., are received from the State, the trust is bound to give a corresponding proportion of its output to the State at (artificially calculated) cost prices. If the State does not supply the trust the latter can sell its products on the open market, and can also make its own arrangements for the purchase of necessary raw materials, fuels, machinery and so forth.

It will be observed that the trust, although technically a State organisation, preserves a considerable degree of independence. Its dealings with State departments and with other trusts are on a cash basis. The State has no right to interfere with the internal management of the trust, which is in the hands of a small board of directors (nominated, however, by the State), who can share in any profits which may be earned.

\* The changes then made in the constitution of the governing body of the Supreme Council of National Economy showed this clearly.

## The Communist Experiment in Russia

The famine has, of course, greatly speeded up the process of emancipation from State control. Almost one-third of the food tax was to have been obtained from the famine-stricken Volga area. The State food supply was reduced and the number of mouths fed by the State was gradually decreased, till now the State, instead of feeding 35 million, feeds directly from State sources of supply only 6 million.\* The area handed over to private initiative has correspondingly increased. In this connection, one of the most important results of the new economic policy has been the recognition that some criterion has to be found for estimating the advantageousness or disadvantageousness of a given undertaking or proposal. The "single economic plan" made no provision for this; there was no means of comparing, say, the output of a factory with the effort expended to obtain that output. The imperative need for economy has put an end to this state of affairs at least in principle (anyone who knows Russia knows how far principle and practice may diverge!).

Were a complete survey of the Russian situation to be attempted it would be necessary to touch on many points. It would be necessary to refer in greater detail to the three problems which Soviet Russia is constantly facing and which have so far constituted a vicious circle from which she is unable to escape—viz., food, fuel and transport. Enough has been written about the famine in Russia to render any reference here unnecessary. The purely economic effect has been, as stated, that of accelerating what one might term the de-communising process. It is impossible to deal fully with either the fuel or the transport questions without importing a multitude of statistics, but one feature of both problems may be mentioned as having a general bearing—viz., the position of labour.

Before the inauguration of the new economic policy, labour in Soviet Russia was organised on what one might almost term a military basis. Industrial mobilisation was

\* Including the Red Army.



## Money and Finance

in force, and went so far as to prevent workers from leaving State factories to which they had been "attached." Money wages were insignificant and were regulated by an enormously complicated system of wage tariffs drawn up by trade unions. Trade unions exercised great powers of control, and constantly interfered with the actual internal management of enterprises. Workers received State rations, which constituted by far the most important part of their wages. In other words, the system was one of equal wages, independent of output, and not depending even on whether the factory was working or not.

The new economic policy, involving, as has been shown, the resuscitation of commercial principles, changed all this. The State commenced by introducing a system of "collective supply," under which a factory received a certain supply of food depending on output but not depending on the number of workers employed. It thus became obviously in the interests of the factory workers that the number of hands should be reduced as far as possible. Further, the system of payment by results was introduced wherever practicable. The effect of these measures has been greatly to increase individual output and greatly to diminish the number of hands employed. A policy of reduction of staffs has indeed been adopted throughout Russia, and unemployment \* is steadily on the increase.

### V. MONEY AND FINANCE

**B**EFORE endeavouring to sum up regarding the present situation in Russia, a brief explanation is necessary regarding money and finance. One of the acts of the Bolshevik Government in its "pre-NEP" period was to abolish all forms of taxation. Banks were nationalised, as

\* According to Russian laws, unemployment benefit is paid to skilled workers at the rate of  $\frac{1}{2}$  to  $\frac{3}{4}$  of the minimum earnings of the grade in question in the district. Unskilled workers receive benefit only if they have been three years in the factory, and on a much lower scale.



## The Communist Experiment in Russia

has been mentioned, almost immediately after the Bolshevik revolution. The deliberate aim of the Government was, so far as possible, to render money useless. At the same time the Government for its own purchases exploited as far as possible the belief held by the peasants in certain areas that the old "Romanoff" and "Kerensky" notes were worth keeping, and issued these notes in large quantities. The printing press became the sole source of State revenue.

So long as trade was prohibited this plan was to a certain although constantly decreasing extent practicable. When, however, NEP was introduced and trade was thrown open the demand for money tokens became enormous, and a veritable money famine was the result. As the principle of free State services gradually became replaced by the principle of payment on a commercial basis—when railway and tramway travel ceased to be free, when rents were reintroduced, when electricity, gas, and water (municipalised) undertakings were told they must charge commercial rates for their services—the demand for money increased yet further.

To meet the demand a State Bank was set up, and was specially instructed to give preference to applications for advances from State industry (trusts). As, however, the value of the paper rouble has been depreciating with almost incredible rapidity no deposits\* are being made and the Bank to a large extent acts simply as a distributor of paper money.

As regards State finance taxation† has been reintroduced, but the extraordinary depreciation of the rouble renders calculations very difficult. A budget produced in December

\* The rate per £1 was 10 million roubles in the middle of March as compared with about 1 million roubles at the end of December.

The rate of interest charged on advances was 12 per cent. at a time when deposits received about half that rate.

† Great difficulty is being experienced in collecting taxation owing to absence of the necessary technical personnel. The reports of the Commissariat of Finance are eloquent on the subject.

## Money and Finance

last for the period January 1—September 1, 1922, was passed practically without discussion by the Congress of Soviets, but later proved so full of mistakes that it had to be withdrawn. It is well to accept with great reserve any official Russian statements regarding finance. All that can be said is that attempts are being made to prune expenditure, but that so far at least little positive result has been achieved.

Can it be said that a state of equilibrium has been achieved? Have economic conditions in Russia crystallised? Obviously the process of transformation, which an attempt has been made to describe, is one which cannot but be unpleasant for the Communist true believer, and which he would be very glad to stop. Lenin declared in a recent speech that the economic retreat had gone far enough, and that it was now possible to call a halt. What did he mean by this?

The best answer to these questions is supplied by the Communist Press. At a time when, in Western Europe, the representatives of Soviet Russia are proclaiming the organisation of Russian industry in trusts as something enduring, something really permanent, these very trusts are undergoing a severe financial crisis, and the question of reducing their number is being raised (not to mention such developments as the formation of "syndicates of trusts," a syndicate being defined as a voluntary organisation set up by a number of trusts for common ends, such as the purchase of raw material, marketing of products, etc.). The causes of the crisis are interesting. In the first place, the trusts have from the very beginning suffered from shortage of working capital. Most of the factories need extensive repairs and new equipment. Stocks of raw materials are low and have to be paid for. Wages have to be paid. It is difficult to carry on work on even a modest scale unless output can be sold immediately. In this matter, however, there are two difficulties. In the first place, many trusts manufacture goods which are unsuitable

## The Communist Experiment in Russia

for the open market, and which can in fact be bought only by another trust. But the purchaser trust A is quite as likely to be short of money as trust B, the maker and seller. The general money crisis thus makes it difficult to dispose of goods. In the second place, the market in which goods can be sold is limited both as to purchasing power and to geographical area. In fact, owing to the deficiencies of the transport system, goods cannot be sent long distances and cannot be sent far from the railway. As a result we read of a severe crisis of over-production, and this in a country which has received no foreign imports of any importance in recent years, a country with an industry which was never able even to cover home requirements, and which is now reduced to a mere fraction of its former productive capacity. The crisis in Russia is a capitalistic crisis ; it is a crisis of over-production relative to effective demand as measured by purchasing power.

### VI. GENERAL CONCLUSIONS

TO sum up, the attempt to pass directly from Capitalism to Communism in Russia proved a failure. To use Lenin's phrase, the Communist Government has had to order an economic retreat. There is no sign that the forces which defeated the experiment of 1917-20 will cease to operate. Hence we may conclude, assuming that the world revolution on which such hopes were placed does not eventuate, that Russia will progress yet further along the path of Capitalism.

One example may serve to show how far the process has already gone. In one of his recent speeches M. Kamenev referred to certain "commanding heights" which it was essential to retain if the dictatorship of the proletariat were to continue. These "heights" were nationalisation of land, nationalisation of large scale industry, and nationalisation of foreign trade.

## General Conclusions

As regards the first of these, the nationalisation of the land, this is retained in theory. In effect, however, the Communist Government dare not interfere with the peasant's wishes as regards the working, management and cultivation of the land. Lenin, with his usual keen sense of realities, has expressed this by declaring forcibly that unless the Communist party can satisfy the peasants, the peasants will send the Communists packing—and serve the Communists right, he adds—if a Government cannot manage things it has no right to exist.

As regards the nationalisation of industry, it has been shown that the trustification of industry involves a considerable measure of State de-control. Trusts inevitably begin to look at matters from a commercial point of view, from the point of view of their own private interests as opposed to the interests or desires of the State as represented by the Communist Government. It is interesting in this connection to observe the general movement on the part of trusts to free themselves from the control of other State institutions, and in particular from the Commissariat for Foreign Trade, the guardian of the third of the commanding heights referred to by M. Kameney.

Our general conclusion must be that the Soviet Government will, to use the Communist phrase, continue its economic retreat. Certainly much yet remains to be done. Existing legislation in many cases reflects the economic conditions of the past and not of the present. There is no legal recognition of some of the features of an ordinary capitalist society; for example, the law of contract has not yet been introduced, although hundreds of contracts are being concluded daily.

This raises the question of the possibility of establishing economic relations between Russia and Western Europe, and thus brings us back to our starting-point. What traffic will pass across the bridge once the gulf has been bridged?

A full answer to this question would demand a very

## The Communist Experiment in Russia

much more extensive survey of Russia than has been attempted in this article, but one or two considerations may be stated in conclusion.

1. The restoration of Russia without European aid would at best be a very lengthy process. This is now admitted by practically everyone in Soviet Russia.

2. The restoration of Russia depends on the restoration of Russian agriculture, which, partly owing to its primitive methods, has suffered less than Russian industry.

3. The restoration of agriculture involves the restoration of industries supplying the agricultural population, and of transport, which is necessary for the marketing of agricultural produce.

4. Russian industries will revive when Russian consumers once more command purchasing power. Expansion of the market is possible only if transport is improved. Restoration of industries will be impossible without extensive help in money and in kind from abroad.

But before traffic begins to cross the bridge there must be some assurance that it is safe. There must be confidence in the organisations which carry out transactions on behalf of Russia. Perhaps the best guarantee that can be offered—material guarantees are unlikely to be available—is that derived from a study of the way in which things have moved in Russia. In other words, however much certain Communist leaders may wish to put the clock back, and to wipe out NEP and its “capitalistic” memories, the economic current in Russia does not favour such an attempt, and the Soviet Government, as has already been observed, swims with the stream, not against it.

## LETTERS FROM EGYPT

*The following letters are the result of a visit which the writer recently paid to Egypt in order to see things for himself and to form his own conclusions. These are given in the last two letters. The others show something of the mental process by which the conclusions were reached.*

AT SEA.

February 27, 1922.

MY DEAR R—,

The sun you used to love is beating down on this ship. All yesterday I lay and soaked in it. Gradually the restfulness slid into my mind, which makes one turn to poetry again and Walt Whitman's *Song of Myself* was what came to my hand. To-day we are further South. After a delicious half-hour I am glad, indeed, to drag my chair into the shadow to write to you ; just as a dog moves from the fire to the cold side of the room. Round me on the upper deck everything is gleaming. To call it white is absurd, for it would take a touch of every colour in your box if you were painting it—the planks with the pitch bursting in the seams against the heat, the boats, the canvas awning over the rafts, the chart house and, above all, the upper side of each gull's wing as it turns to swoop and to float down wind. The smoke is full of colour before it has even got clear of the funnel. Behind us it leaves a purple cloud, the only one. The sky is the creamy blue of the veld, and through the middle of the sea there runs a broad way, a million daubs of burnished copper where each

## Letters from Egypt

little wave leaps to catch the light. On our port bow lies Cythera, a sun-washed splash of yellow green in a wine dark setting. Early this morning, while there was still a bite in the air, we passed a great snow mountain with white shoulders, like a woman's, delicately defined against the upper air. It seemed to be watching us from far away in Sparta. We are now heading for Crete. The wind occasionally brings me a snatch or two of a woman's voice singing, like the syrens of old.

It was in these seas that Ulysses' companions were once changed into swine. Does the power still remain? There is a young Greek on board, gentlemanly, literary, and musical. I heard him playing the *Preis Lied* this morning with a good deal of charm and I have just left him leaning over the rail gazing at Cythera, full of Greek poetry. He had been in Smyrna only last year. What were his countrymen going to do about Anatolia? I asked. The reply was given in one word, "Finished." The Asiatic Greeks were, he believed, better off under the Turks. For himself, he had been away in Europe for nine months to avoid service in the Greek army, and he spoke of it with dislike and, I thought, with contempt. He may of course be one of those Egyptian Greeks who have lost their own sense of country without getting any other, but in sight of his own islands I could not help remembering the old lines I used to have to put into Latin verse at school:

"Eternal summer gilds them yet  
But all except their sun is set."

My voyage out is ending in a note of interrogation. At this stage questions are about as far as I can hope to get. An open mind is essential. There seem to be two clearly defined principles, each attended by its own dangers. It is easier to keep them apart in abstract theory than in practice. One is a settlement that would forthwith place every stitch of responsibility on Egyptian masts, even though



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they break under the strain, rigidly limiting our own part to the bare minimum demanded by imperial needs. The other is to go slow ; to spread the new sails gradually, so that there may be no danger of the unaccustomed masts snapping, though such a course must for ourselves entail considerable risk. For we should incidentally be associated with the failures, and some, I suppose, may be expected under any kind of self-government. The Government to-day is aristocratic. Possibly it is the type that is really best for Egypt ; possibly we have no choice.

I lay awake last night thinking over difficulties of this sort. Perhaps it was our position—we were tossing off the coast of Corcyra at the time—but I dreamt of the old Thucydidean days when every Greek colony was torn in half between aristocratic and democratic factions and Athens, too, had to decide which horse to back. Is it possible, I wondered, without too great risks to take a course that would enable the Egyptians to start with a Government which, whatever its defects, would at least be recognised as their own for better or for worse ?

Yours ever,

CAIRO,

*February 22, 1922.*

MY DEAR R—,

I am writing on the stoep of the Semiramis, a stone's throw from the Nile, and through the trees I can just see the pyramids, bathed in the desert sunset. It is hard to sit still with the Gezira bridge in front leading into the afterglow. Behind me the great lounge of the hotel is full of tourists, American for the most part. But the Egyptians themselves in this ancient country seem little more than birds of passage. It belongs once more to the dead at such moments. They make up for a day hideous with recollections of extortionate dragomen, refractory porters and hours at the customs house.

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After leaving the ship I dropped into a different level. It is a pity Governments can't sometimes do the same. There was sound sense in Haroun el Raschid's habit of wandering about his capital in disguise. I purposely took a low class ticket ; but, alas ! Egyptian talk is in Arabic, so three hours in a crowded carriage left me much where I was at the start. Still, there were a couple of Italians whose remarks were not without interest. They had been in Egypt over thirty years. They looked like small grain merchants. The view of the foreign element here is often considered a negligible factor. Their own skins and our tails are said alternately to occupy their whole attention. And they can, undoubtedly, be extremely annoying. A French shop here in some of the recent disturbances had its windows broken. Instead of recovering the amount from Government, I am told that it ostentatiously, by means of a notice, waived its claim, "its small contribution of sacrifice in the national struggle," or some such words. As a result to-day there is hardly standing room in it. In a dispute with my dragoman I appealed to a foreigner in uniform for information as to the amount to pay. He unhesitatingly backed the dragoman, though the amount proved to be preposterous. Well, there was nothing unfriendly to ourselves in these Italians, and it was not make-believe, because they took me for an American. For all that England had done in Egypt they had nothing but praise. "Ingrates" was the term they applied to the extremists—from the window they pointed out actual fields sold for £2 when they first came to the country which now fetch £100. Our chief faults were gentleness and dilatoriness when firmness and rapidity of action were called for. Of the extent, however, to which every class is nationalist they had no doubts. Give something, they both agreed, we must. Lord Allenby's present popularity did not impress them. It was based on expectations. The fellahin, though they had no idea what it meant, shouted for independence like everyone else. They had their moments of

## Letters from Egypt

doubt, but they had forgotten the old days of their oppression—at all events, the young men had. Their suspicions were daily aroused against ourselves, and Moslem prejudice against the infidel, never far from the surface, supplies an excellent groundwork for agitation. The Nile was bad last year and this season it will be worse. It is the English who have cooped up the water is what the peasant is saying. At this point the communicative brother got out at a small wayside station and for the rest of the journey I was reduced to a rather fruitless study of fez tops bent over vernacular newspapers, expressive yet inscrutable.

If only I knew Arabic! Here in Cairo every café is full of young effendis, their air of pre-occupation just what I remember it two years ago; their dress, the usual combination of good English tweed and the tarboosh, so typical of their cause with its twofold character. If I were a tyrant I should shut up all cafés. They had, I expect, as much to do with the success of the French Revolution as the want of that whiff of grapeshot. Well, to-morrow the Allenby pronouncement is to be made. The Nationalist Press takes up a sceptical attitude. It is just finishing a series of articles on the Soudan to show that Egypt cannot live without it.

Till to-morrow, good-bye.

Yours ever,

CAIRO,

*March 3, 1922.*

MY DEAR R—,

The 1st of March has come and gone, and the Proclamation is out. It is early to write again, but at the risk of boring you, I will send a postscript.

A friend who speaks Arabic bought a paper to read the new proposals. Before he took it he asked the newspaper boy, an Egyptian of perhaps 17, what they were. The

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latter without hesitation gave a summary of them—some-one else's, I expect, as he would hardly be able to read. There was no doubt, however, about his interest. "They amount to absolutely nothing!" was his comment. The same friend asked another Egyptian, this time a clerk, what he thought of the Declaration. The recognition of independence he felt to be a solid gain. Not because we meant business—on the contrary, he was sure we meant to whittle away everything later on. The belief in our capacity for eyewash is extraordinary; but he considered the nationalist position immensely strengthened. They now had, he felt, a real jumping-off ground. I asked a young man the way to-day to an office, and he came with me, as I find people here often do. This lad claimed French origin, but he was clearly of the country. What, I asked, were people saying? "They say it means just nothing," was his reply. The only thing the crowd cared for, he continued, was the return of Zaghlul. As another man put it, they don't grasp details, and they distrust us. They therefore feel the need of someone to run their cause, of a dragoman, one might say. At the same time, an old inhabitant, an English official, remembered the immense place Arabi occupied, and how soon his image faded. Memories seem to be short in this land of sunshine. Mrs. B—— went the other day to the Pyramids; there was a meeting there to do honour to a Syrian, an Arabic scholar of great renown, effendis and townsfolk for the most part, for only a handful of Bedouin, for whom the function was really intended, turned up. The second speaker said amid loud applause: "There are three pyramids in the ages—Cheops', Mustapha Pasha and Saad Zaghlul!" Meantime the Bedouin were paying attention to nothing except Mrs. B——, offering her donkey rides and almost fingering her. Another English lady I met at tea this afternoon told me her servants called Zaghlul a god "almost higher than Allah!" I have heard him nicknamed the Golden Calf of Egypt. A Pasha admitted to me his gratification

## Letters from Egypt

at parts of the Declaration ; but he was waiting to see what followed. These are just *voces populi*. I hear, however, that at Tantah there have been riots, three killed and twenty injured. No demonstration worth mentioning has occurred here. This afternoon's papers give the new Ministry. Adly Pasha is not, of course, among them, though he is believed to be behind them.

Yours ever,

CAIRO,

March 10, 1922.

MY DEAR R—,

My last letter was written just after the Declaration, and since it I have seen people of all sorts—English, Egyptians of both creeds, and Syrians—and I want to give you some idea of what they are like, for it is an important side of the Egyptian problem. What they think is a different matter and I will come to that later, when I have seen more. I feel at present rather as Herodotus must have felt when he saw the Nile. Sentiment flows in one direction. But the springs that feed it are as out of sight as the Abyssinian snows, and there are eddies and back-currents underneath. There are extremists, they tell me, who back proposals that they know cannot be accepted, because they are afraid of our leaving. Then take religion. The Copts are perhaps a million out of thirteen. The Declaration would expressly provide protection for minorities and has given offence by saying so. Here is an extract from the Copt paper, *Misr*: "We are energetically opposed to this distinction, which has no other object except to divide a united nation in order that the ends of policy may be compassed." Of the five who have gone to the Seychelles with Zaghlul, two are Copts. I begin to think that in Egypt the sky is the only thing that is clear.

## Letters from Egypt

Well, in this letter I am concerned with classes, not politics. Someone once said of Egypt that there was no idea of equality, only superiority and inferiority. I will begin with superiority, the well-to-do people who live in Cairo on their rents or sometimes follow professions. It is not an aristocracy in our sense. The titles of pasha and bey are not hereditary. Wealth and influence are its mark, though people are proud of Turkish descent. Politically, it is important, for such administrative experience as exists is largely found in it. It is known as the Pashawat class. As far as outside appearances go it is often hard to tell that it belongs to the East at all. Its members are sometimes no darker than ourselves and their clothes are European, often clearly from a good English tailor. The effendi generally pays attention to dress. Even the tarboosh is not a certain guide, as it is often worn by Englishmen. Nearly all of this class speak excellent French, sometimes even English. Pashas from Balliol are not unknown. I have never anywhere met with greater courtesy and amiability, though these qualities are not peculiar to any Egyptian class. Their manners put my own to shame. Occasionally, as those who met the Adly delegation in London last summer will remember, one finds real distinction. In former times people of this class often went to Constantinople for the hot weather, but the war broke the habit and Europe has since taken its place. Fortunes were made over the military during the war and, after it, out of cotton, which naturally put trips abroad within the reach of a wider circle. This has no doubt had political and social consequences. Like Winston Churchill's Mesopotamian War Minister, some of this class were on the other side in the war. A young politician I met the other day—he might have been an English cavalry officer—was Enver's A.D.C. A Bey I saw yesterday had fought to the end with the Turks and to-morrow I visit an ex-protégé of K.'s, who spent the war in Vienna and Constantinople. It is, by the way, extraordinary how K.'s memory still lives. One hears



## Letters from Egypt

tributes to him on all sides among the Egyptians.\* Occasionally I find an enthusiasm for English books. I remember travelling out here just after the Armistice with a bitter young extremist, who carried Scott about with him. More young Egyptians seem nowadays to go to England for their education than to France.

Egyptians are different to the Indian. The Indian of culture could easily hold his own intellectually and the dignity of a man like Sastri would be remarkable anywhere ; but for an Englishman these pashas are pleasanter companions than the ordinary Indian. There is an engaging cheerfulness and a ready sense of humour which is very like our own. They look you in the face, too, when they talk to you. The core of this class has never in any sense been an under dog. In its veins there often flows the blood of another ruling race, once as alien except for religion, a big exception, as our own, the Turks. More rarely it is Arab. Such families are now about as much Egyptians as our own Normans were English under the later Angevins. It is easy to understand the sympathy which they inspire in Englishmen. It is certainly not here that you must look for fanaticism. And yet it is as well to remember that the East is still the East, even when it wears a Poole coat. It is no offence to say so. Few of them would wish to disclaim it. They belong to both worlds.

In the case of the ladies the East seems nearer the surface as far as one can judge from appearance and dress. I see processions of them sometimes demonstrating for Zaghlul in the streets. Even those of the Pasha class, at all events the young, are largely Saadist, they and the youth of the country generally. The daughter even of one of the Ministers is said to have threatened to boycott her own papa as a traitor. Strikes of schoolboys and schoolgirls have long been an everyday matter. Young Egypt is very different to the old conservative generation. The latter,

\* He introduced the five-*feddân* law which exempts this area of agricultural land from seizure for debt.



## Letters from Egypt

I am told, looks upon it with amazement, sometimes tempered with admiration.

Well, I won't apologise for spending so long over this class. It is not Egypt. Only some eight per cent. of the whole population indeed are literate and even this percentage goes outside the Pashawat class.\* It is upon its shoulders, at all events, that our mantle is at this juncture falling.

Yours ever,

CAIRO,

March 18, 1922.

MY DEAR R—,

In my last letter I dealt with "superiority." I will now go to the other end of the scale, to the real backbone of the country. Egypt is, as someone reminded me the other day, just a market and a garden. The market part, the middleman business, which exports what Egypt gives to the world and brings in what she herself wants, belongs to the foreigner. The garden side, however, is Egyptian and it is the fellah's own. His is the labour which has always made the Nile Valley what it is. Except for cotton and a little sugar the great Egyptian towns are his main market. The size of Cairo and Alexandria will remind the stranger who knows Australia of its state capitals. Together they contain about 1½ million inhabitants. But for the outside world the fellah's cotton is the thing that counts. One of our greatest industries cannot do without it. It is it that brings outside wealth into Egypt and the future of her growing population depends upon the cotton market, just as it does upon the Nile.

At home when we speak of Egypt we generally think of her picturesque bazaars or the monuments of her

\* The 1917 census gives the following figures: People living on their own means, 136,321; people engaged on liberal arts, including professions, 142,971.

## Letters from Egypt

ancient dynasties. The tourist in his *train de luxe* whirling through to Cairo or Luxor is surprised perhaps at the greenness of a rainless country, but otherwise he hardly gives what he is passing a thought. And yet it is the real Egypt that is slipping by his carriage window. It was green before the pyramids or Karnak existed. Otherwise they could never have been built. Last Sunday I motored out to an island in the Nile where a rich business man has turned a sandbank into a paradise. Our road followed the river through fields of emerald fodder or young corn. Patient figures, like Millet's gleaners, only in eastern dress, were everywhere stooping over the crops or looking after their beasts. Buffaloes, as in India, wallowed in every pool and at each bend we had to slow down to let pass camels buried under mountainous loads of delicious clover. Donkeys ambled by or backed over the edge of the path. Sun-dried hovels jostled one another in the villages, which for filth beat our dirtiest farmyards, and hideous eye diseases ceased to shock one. But the fields, the real home of the fellah, were full of life and colour. A good natured hard-working lot these peasants looked, a mixture of obstinacy and common sense. If homesickness means a dread of the unfamiliar it has never haunted any race like the peasant of Egypt. He never emigrates. Service in the Soudan is his bugbear. Only at death he pushes his tombs shyly out of the sown strip into the desert. It is for him the edge of the unknown.

There is a sort of insularity which only the desert can give. I never knew what Egypt was till I drove through this strip, a flaw of vivid life in an unspeakable waste. There is no contrast like its green against the desert. The ancient Egyptian conception of the world as a man stretched on his face in the void, his back clothed with vegetation no longer seems ridiculous. Once south of the Delta you can anywhere see the barren hills a few miles away on either side. At evening and dawn they literally take fire like the hills of the Karoo. The desert

## Letters from Egypt

pens in this people more effectively than armies or blockhouses. Could anything be more vulnerable, to use Kipling's expression, than "a long strip of market garden"? Nowhere in Europe does the density of the country population approach that of these irrigated lands. It is often over 700 people to the square kilometre.

It was the desert that kept the ancient civilisation of Egypt unique. It crumbled away before the contact of alien culture, like a mummy exposed to light. She became a world centre early in the ages, but to this day internationalism gets little further than the cities. It passes the fellah by. He remains the fervent Moslem he was in the time of Saladin. He is still subject to fanaticism, though apparently less so than most Mahomedans. Toil has, indeed, never left him much time to look up from the ground. In 1882 he was oppressed. To-day he is comparatively well off, at all events if he owns his holding, and there is no longer forced labour, but he is still rackrented, without security of tenure, and wretchedly housed.\* In education he is much where he was before Tel-el-Kebir. The 1917 census showed nothing as high as eight per cent. of literates for any country district. Twenty-five per cent. even of the mayors and eighty per cent. of the sub-mayors were illiterate. There are, however, processes which do not depend on the schoolmaster, and lately there have been plenty of them. The Labour corps showed the fellah the world. The system under which he was enlisted was iniquitous, but his period of service filled his stomach, his pocket and his head as they had never been filled before. He returned different. Then there was the cotton boom, which reached its height in 1919. The

\* It is, of course, the agricultural labourer whose position is the most uncertain. The 1917 census shows 849,725 landowners cultivating their own land as compared with 519,693 in 1907. Cultivators of land on lease dropped from 920,435 in 1907 to 506,681 in 1917; but the census also shows 2,582,489 agricultural labourers as compared with 832,785 in 1907.

## Letters from Egypt

landlord took the cream, but with a rise in prices from 100 in 1914 to 1,020 in 1920 some wealth was bound to percolate to the lower levels. The fellah found himself for the first time in the ages rich. Like the clown in the fairy tale he got wealth, but alas! he forgot to wish for wisdom as well. There are stories of fantastic extravagance, of motor-cars taken to villages where you can only drive for three or four miles, of flats hired in town where he and his family squatted on the floor, rococo chairs along the walls behind them. Crowds came to Cairo. They returned in most cases with empty purses, but they took home some of the heady ferment of the town. The soldier on leave or the student home for the holidays keeps the supply going. In 1919 the closing of the schools was like spreading paraffin on dry grass. In 1921 the price of cotton fell to a little over 140. Fortunately some of the money had not gone astray. The boom left the burden of debt under which the fellah had for generations laboured sensibly lightened.

But the most solid change of all is forty years of decent government. To the present generation the days when Ismail said of the fellah that the only thing to do with a sack of flour was to beat it against a stone are an old wife's tale. It is now taken for granted that he will get his proper share of water, but that is far more significant than any gratitude; and I cannot see the peasant to-day standing oppression as he did before we came. You cannot feed a horse on oats for long and expect the same quiet ride as when you took him up from grass. Here are a couple of instances I got from a friend. A fellah forcibly impressed in the Labour corps did his service just as his ancestors did, but no threats would induce him to put his mark to the document which testified that he was a volunteer. Another could not get his wound pension. He was given a small lump sum, but not content, he wandered about the country for three weeks, till my friend found him and got his claim satisfied.

## Letters from Egypt

It is a thousand pities he is still uneducated. Ignorance makes him not only credulous but suspicious. Ignorance, too, has kept back many long-needed reforms. His own primitive methods of cultivation have been carried to a point that excites admiration; but imagine what modern improvements would do, not only for his agriculture, but in co-operative enterprise, land drainage and public health, if only he knew enough to make use of them. Egypt depends on her cotton. It is her only string, yet it may at any time take more wits than her cultivators at present possess to hold its own in the world's market if her monopoly is assailed.

Why, then, when so much else has been done, have we let forty years go by without more elementary education? In the Philippines over half the children are already at school. Their population is only from three to four millions short of Egypt's, and the Americans did not go there till 1898. Can responsible government ever work with such a dead-weight of illiteracy? Will the fellah be able to use the opportunities it brings him? But I will come back to this and to our own excuse later.\*

Yours ever,

CAIRO,

*March 20, 1922.*

MY DEAR R—,

To finish my description of the lower classes, I must go back to the towns, where the population is smaller than that of the country, but politically more important. Even here the standard of literacy is miserably low, hardly twenty-five per cent. in 1917 for the most advanced urban district, foreigners included. The West may claim a good deal in the Pasha, but in the lower quarters

\* For the handicap imposed as a result of foreign privilege, see letter of April 12. The elementary education scheme of 1919 was spoilt by the apathy of the Provincial Councils, which failed to provide their share of the expense, it appears.

## Letters from Egypt

you drop straight into the East. *Galabeahs* and flowing robes take the place of broadcloth, and religion is still a force. The townspeople are by nature easy tempered like the fellah—many of them, indeed, came originally from the land; but when fanaticism does occur in a place like Alexandria it is a more serious business. For, although the French and British reside apart in their own quarters, Greeks, Italians and Egyptians all live higgledy-piggledy together. The competition of the Greek shopman, too, is an irritant. There are nearly 70,000 Greeks in Egypt, and usury, forbidden to the Moslem, is a dangerous Christian monopoly. What, you may ask, do all these people do if there are no industries? Well, there are railways, docks, and handling trades, which require thousands of workmen, a little pottery and a few ginning and tobacco factories. Then there are the artisans and the shopkeepers. You will remember seeing them sitting cross-legged in the Mouski at Cairo. And politically the shopkeeper counts. For, like the barber in the *Arabian Nights*, he rubs up against all sorts and conditions of people, and is the first to hear of trouble. He would count still more if he was not so often a foreigner or a Syrian. If you want a vivid picture of this world, read *Goha le Simple*, a real Egyptian novel.\*

But, you will say, is there nothing between the upper and lower class, no business people? It is hard to imagine responsible government without them. Persia is feeling the want at this moment. Unfortunately Egyptians steer clear of business. Their ambition is almost invariably a Government job. I have heard of young men with a large income from land taking a miserable clerkship. The *petit fonctionnaire* and the clerk are the nearest approach to our own middle class, they and a few larger shopkeepers.†

\* *Le Livre de Goha le Simple*, by Albert Adès & Albert Josipovici, Paris, Calmann-Lévy, 3 Rue Auber.

† The 1917 census shows 43,361 employed in the public administration and 142,971 persons engaged in the liberal arts, including clergy, judicial functionaries, professional men, teachers, literary men, etc.

## Letters from Egypt

Law, medicine and engineering also attract young Egyptians. They seem to make particularly good surgeons. The professional class plays already a very important rôle politically.

The Copt I have left to the end. Centuries as a minority under Moslem rule have sharpened his wits, and, like the Syrian, he plays his own peculiar part, and an important one. The ablest nationalist writers and some of their leaders, belong to these Christian sects. Many of the Copts are rich. One of the pictures that still lingers in my memory is their white palaces looking over the magnificent reaches of the Nile at Assiut.

Yours ever,

THE TRAIN TO CALAIS,  
*April 6, 1922.*

MY DEAR R—,

I have tried to give you an idea what the people look like. Now for what they think—a more difficult matter. I at first expected to find political parties like our own. I was soon disillusioned. In the words of the celebrated chapter on snakes in Ireland: "There are none." Everybody is a professing nationalist. They differ, not in principles, but in methods and leaders. Even as regards method you meet paradoxes. The moderate in negotiation has often to show himself stiffer than the extremist to prevent himself being "dished." The present Government may be forced by unpopularity to beat the anti-British drum and to show itself intransigent. Again, the extremist may for an ulterior purpose show himself unexpectedly moderate, to secure, for instance, the return of Saad, though he may also try to force his opponents into an extreme attitude. The old National party is hardly worth referring to. Though there is sentimental sympathy with Angora, no one now speaks of the closer union with Turkey for which that party stood. Nor has the Government itself any real party



## Letters from Egypt

of its own. It makes or loses ground as it goes along, and certain steady factors tell either in its favour or against it. What it drops Zaghlul picks up, while it scores by disaffection in his ranks. His lever is its want of popularity. He is, however, far away, and it is on the spot with its hand upon all the other levers. There are, indeed, already significant signs. The week I left Cairo, Tantah, usually a hotbed, passed a sympathetic address. Since I left Egypt there has been another secession from the Wafd, already depleted of so many of its original members. Zaghlul's temperament and his personal trouble with Adly lost him many supporters ; but there is another reason for misgivings. He would never, it seems, have been willing to take office. His friends put it down to selflessness, his enemies say he knows that by governing he would become as other men are. This naturally alarms the ruling classes. The idea of an Egyptian Boulanger is not relished. Weak government, too, in these days, might let in Bolshevism. New ideas about land have occasionally appeared, and last May Communist tracts from Leipzig were found at Alexandria. Some of the mob, too, openly shouted that they wanted no more Pasha leaders, not even Zaghlul, for their revolution. Sarwat, at all events, stands for order. There are exceptions, some of them important, but, speaking generally, the upper class is not ill-disposed to the Government. Even neutrality, especially if it is benevolent, counts, and it may develop into something firmer if Sarwat does well. Certainly no Cabinet could carry on with the political classes and the large landowners, whose influence over the fellah was shown last autumn when Zaghlul went to Upper Egypt, in active opposition as well as the mob. It is, moreover, difficult to find effective leadership outside this class, and that is what the anti-Government forces lack. But such an attitude might equally turn to opposition if things went badly. Another thing, it is an asset to any Government to have the support of Adly Pasha.

## Letters from Egypt

I will now pass to the Zaghlulists. They start, at all events, with the advantage of a name, which is something. Their strength lies in youthful Egypt, young doctors and lawyers, Government officials, students and women, and in the uneducated masses. A distinction must, however, be made between town and country. The fellah shouts for Saad, but his fields leave him little time for politics and his intelligence is of a low order. It is, however, easier to get a thing into his head than out of it, and Saad's image was firmly planted there three years ago. The propaganda, too, that reaches him, mostly through students, is Saadist, though his traditional habit of obedience is a counter influence. Zaghlulism is, however, more than a parrot cry with him. The roots go a long way back. Arabi's revolution started as early as 1882 the hopes which were revived by Zaghlul after the Armistice, and both Arabi and Saad were themselves of fellah origin. The agitation of neither would, however, have succeeded had there been no real grievances to work upon. In 1882 it was oppression; in 1919 it was the Labour corps and requisitioning trouble. Grievances sometimes are an effective substitute for the political instinct which the peasant lacks. But it is in the towns that Zaghlulism is strongest, among the people I described in my last letter. Here the grievance was the high cost of living.\* Peasant combination is out of the question in a country shaped like a wine-glass and mostly stalk, but the crowded bazaars lend themselves both to combination and to intrigue. Saad's influence is personal. He is anything but a traditional hero, being sixty-five and diabetic, but he is an orator, and in spite of serious temperamental defects—a curious timidity seems to be one of them—he has the indefinable thing we call character. He also gained ground by his sufferings for the nationalist ideal. Some think, indeed, that he was on the point of giving

\* The climax of the Nationalist agitation coincided with the climax of prosperity of other classes, as in Ireland.

## Letters from Egypt

up the struggle when he was arrested last December. For the progress that has been made towards independence he gets the entire credit. But if his hold remains there is also another reason. Declarations are Greek to the masses and distrust makes them follow blindly any leader to whom they pin their faith. Sarwat is often held to blame for the prolonged absence of their idol.

I said that everybody was a professing nationalist. There are, however, people with no views of their own who are simply driven along by the force of opinion round them. Students especially seem afraid of appearing to lag behind. There are Moslems, too, as well as Christians, who have doubts about the readiness of their country to rule itself, though they could not be expected to make so humiliating a confession in public. Lastly, there are others, mainly Christians, who are genuinely afraid of what is coming, though they dare not show it. They are also anxious not to seem to hang back. You or I have no personal anxiety when our political opponents come into power, but in the East changes often mean more than they do in England. How real the risk may be to-day I cannot of course say. Fear often survives its original cause.

The result of all this, coupled with the backward political condition of the people, is that once a movement reaches a certain point, there is apt to be a landslide which carries everyone with it. To say that this has happened in Egypt does not mean that the nationalist movement is not genuine. On the contrary it is a sure sign that a formidable force is at work when trimmers jump. Political sense may be lacking, but there is exceptional sensitiveness to change in the political barometer. The vast majority of Egyptians undoubtedly want independence, but the conditions I have described do, I think, account for the absence of any dissentient voice. After all, we ourselves produced Vicars of Bray once upon a time. *Autres temps, autres mœurs.*

Before I stop, just a word about the distrust of which the air is so full. Considering that Egypt came out of the

## Letters from Egypt

war prosperous and with her debt reduced, in striking contrast to the rest of the world, you may be surprised. But we have only ourselves to thank. Our official pronouncements in the pre-war period irritated those who wanted us to go and upset those who wanted us to stay. A nationalist pamphlet in my hands records sixty-one alleged promises on our part to leave Egypt. Since the war we have blown hot and cold alternately and this has further shaken confidence. People differ about what we ought to have done. Some favoured the stiff upper lip we showed in 1919 when we sent Zaghlul to Malta ; sympathy throughout was prescribed by others. Lord Milner is blamed for negotiating. His report is said to have forced our hand. Lord Allenby is criticised for giving away the protectorate without getting the reserved points settled. We could, such critics say, have got an agreement in 1920. I won't attempt to say which of these policies is right, but I am sure it cannot have been right to try them all in turn.

Nationalist grievances go further back than you may think. It was we, who in the first half of the 19th century, after their conquests in Arabia and Asia Minor, checked the victorious armies of Mohamed Aly at the very gates of Constantinople. Egypt was thus, they complain, cheated of the independence which Serbs, Bulgars and Roumanians were encouraged to win. They believe that otherwise she would have taken Turkey's place and recovered the leadership of the Moslem world which she lost when the Caliphate was removed to Stamboul over four hundred years ago. We thwarted them, they say, expressly to keep Islam weak, the old policy of the Crusades. Well, it is sometimes good to read history in other peoples' primers.

Yours ever,

## Letters from Egypt

LONDON,

*April 12, 1922.*

MY DEAR R—,

I now come to the question of our own policy, but I must first be clear about our Imperial interest. We went to Egypt in 1882 to preserve life and property. We stayed there to keep order. But our ultimate aim has always been, though it has sometimes got into the background, to establish an Egyptian Government that can stand on its own legs. But there is another consideration, and its vital importance has been emphasised by recent events. The Suez Canal is, as Egyptians themselves recognise, an indispensable link in our communications with the East and Australasia. It would be fatal for us if it fell into hostile hands.

I went to Egypt with no preconceived ideas, and I have been groping my way. I have avoided making up my mind until now, for once conclusions are formed facts have a way of marshalling themselves to support them. The first thing is the object in view. I am convinced that there is to-day no alternative except the establishment of complete self-government at the earliest possible moment. By that I mean a Government solely responsible to the Egyptian people, which it will recognise as its own for better or worse; a Government that can stand alone without outside support. To help such peoples to arrive at self-government is part of our mission in the world. It is a principle that has often been put forward in *THE ROUND TABLE*. It is impossible not to sympathise with those who want to stand on their own legs; but in this case, I confess, I have misgivings, not about the principle, but the time for its application. I should, I frankly admit, have preferred to wait till the country was more ready. It is not that ability is wanting in the upper classes, or even backbone—though the latter quality is rarer—and there is also administrative experience. But with 92 per cent. of the people illiterate,

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and with the past history of Egypt in mind, no one can feel sure of success. There must, in any event, be a long, trying period. The temptation to the ruling class to look upon the backwardness of the masses as the surest guarantee of their own power will be great. Some of our own European aristocracies were once not above suspicion on this score. It is certainly up to Egyptians, especially educated Egyptians, who are primarily responsible for forcing on the change, to combine, as we did in South Africa, to make it a success. Personal quarrels, such as helped to spoil the negotiations, would be fatal. But it is impossible for us now to look back. The world has been moving too fast. As long ago as 1909 the distant victories of Japan quickened the Egyptian pulse, already stirred by the Young Turk movement of the previous year. Then came the war, and Egyptian men and Egyptian products helped us to win it. The Allied professions of faith during it went far beyond the ears to which they were addressed, and they have already been given effect to in parts of the East which are certainly less civilised than Egypt. She herself has one foot in the West, but even the East in her after the Armistice was in a glow of expectation.

Nor was it only President Wilson who excited these hopes. Our own acts and words have done the same. And they began long before Mr. Lloyd George's war speeches with the professions of our statesmen, to which I have already referred. Of late years we have wavered. Once in 1921 a British Minister seemed to favour making Egypt part of the British Empire. But the real milestones lead forward. The conciliatory programme which began with Zaghlul's release, then the Milner report in 1920—the British Government never approved of it, but it published it without comment. Then early in 1921, the promise to consider the removal of the Protectorate, and later in the same year the negotiations with Adly Pasha in London. The tone of the Curzon note last December was a damper, but it followed the same principles; and lastly,

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there is the Allenby Declaration. In the words of the accompanying note: "His Majesty's Government's most ardent desire is to place in Egyptian hands the conduct of their own affairs," and "constitutionally responsible government" was what it had in view. The Protectorate has now gone by the board, and Egypt has been recognised as an independent country. Clearly we must go forward. We cannot eat our own promises. "The word of an Englishman" once had a proverbial value in the East; it was one of our greatest assets. Continuity of policy, moreover—and British control would depend on it—is to-day more impossible than ever. Who, as Lord Birkenhead asked, could guarantee twenty years of conservative government?

But, you may say, why not have a gradual scheme as in India? Some people think it the only way. Others prefer half a loaf to no bread. But, whatever its attractions, it would not work. You cannot expect a real sense of Egyptian responsibility as long as imposed British officials remain in the government system. However curtailed their powers, they will always, for the mass of people, be the real power behind the throne, even if they do not actually drift back into the old relations. It takes a good deal to get through a scepticism born of forty years of "advice." In the second place, such a scheme would be bad for us. Our representatives would find that they had lost the power of preventing deterioration, and yet their presence would inevitably associate us with it. It would also handicap Egyptian Ministers, for they would still be looked upon as our puppets. All government might thus come into disrepute. There are the same objections to force from outside. As long as the maintenance of authority requires British troops in Cairo and Alexandria, our object cannot be said to have been attained. India is different. There we have a special duty, for she is part of the Empire. Every ryot and every outcast is as much a citizen of it as you or I. Then there is the complication



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of her medley of races, castes and religions. Whatever the risks a gradual scheme was essential for her. The aim there, moreover, is Dominionhood, not independence, which all classes in Egypt have demanded.

But, you will say, if we cram on too much sail suddenly the Egyptian masts may snap. I admit it; but the risk must be accepted. We can, at all events, give whatever assistance the Government will take. There is no objection to it voluntarily engaging British officials—and a few men of experience would be better for the new regime than a large number of subordinates. But they must be its own servants. Advisers are really ours. It is our interest as well as our duty to give the new system as fair a start as we can. Failure would be as bad for us as for Egypt. But even if government does get worse, our interests need not necessarily suffer, if it does not go beyond a certain point. One thing, however, we cannot tolerate. No other Power must occupy the country in the event of a breakdown. We cannot afford to see the Canal pass to other hands.

This brings me to the foreign problem. No other country has one like it. It comes from Egypt being a *carrefour* where all the nations meet. There are more than 150,000 foreigners, many of them permanent residents. The problem affects self-government in several ways. In the first place, it will start with the incubus of a privileged class. Foreigners, as you know, enjoy under the capitulations an exceptional position which practically amounts to extra-territoriality. They cannot be taxed without the consent of their Governments. If they commit crimes, they can only be tried by their own consular courts,\* and they have no responsibility for the defence of their adopted country. A state within a state is bad enough, but in Egypt there are many states. From the point of view of

\* In one or two instances particular offences can be tried by the Mixed Courts. These courts, though an international institution, are a valuable one. They try all civil cases between foreigners of different nationalities, or where one of the parties is a foreigner. Their impartial justice encourages foreign enterprise of the most desirable kind.

## Letters from Egypt

justice it is a pity, because foreign criminals sometimes go scot-free, and it is a bad example. From that of finance it is even worse, as the basis of the taxation cannot be broadened. For in practice it is impossible to get fresh impositions agreed to, and as it is unfair to ask Egyptians to pay taxes from which foreigners are exempt, the Administration has to rely upon one or two inelastic sources of revenue, like customs and the land tax. In consequence, all kinds of reforms, education among the rest, have had to wait, and municipal as well as central government is affected. A privileged class will be a sure source of trouble under democratic institutions, especially an outlander one. The Egyptian masses are at present too ignorant to grasp the position, but with the spread of education resentment will grow. The British occupation, too, has diverted attention; but under a responsible system Ministers are sure to throw the blame on the capitulations when they can. Foreign privileges were, as a matter of fact, one of Arabi's war cries; and if we want xenophobia to die out there must be no grievances to feed it. And if internal trouble does come, it is on our heads that it will recoil, for it will lead to complications with the Powers. It is easy to see why the Milner Commission wanted the capitulations done away with. But at the moment neither Egyptians nor foreigners share its view. I will come to the Egyptian objection in a moment. For the foreign point of view, let me quote the actual words used to me by a Frenchman at Alexandria: "Either the capitulations or security. We must have one or the other." And it is understandable. It is only a year since the Alexandria riots and, though the attack was mainly on the Greeks, it was also, according to the Commission of Enquiry, directed against all foreigners and deliberate and premeditated. One of the ominous features was that the trouble began, as in 1882, by a purely Egyptian dispute. Any excitement is considered likely to take an anti-foreign direction, and there may be some under responsible government. Foreigners are unlikely

## Letters from Egypt

at the very moment a new experiment is to be tried to give up anything.

Neither the capitulations, however, nor the Mixed Courts and the *Caisse de la Dette*\* will protect their lives and property if there is disorder. How is such protection to be given? For the Monroe doctrine proclaimed by Mr. Lloyd George entails obligations as well as rights. Is it necessary to keep the British garrison in the towns for this purpose? Law and order should clearly be a matter for the Egyptian police and army. Unfortunately at Alexandria the *bulak el ghafer* and the Egyptian soldiers last spring, according to the finding of the Commission, joined in with the mob and themselves fired on Europeans. Nor were Greeks the only victims. What, then, are the remedies I would propose? There are other things to be considered, but I do not think it either advisable or necessary to keep our army in Cairo and Alexandria simply to protect foreigners. In the long run, the only real guarantee will be the creation of a sense of Egyptian responsibility and, as long as our men are there as a reserve, this will never grow. Whether their presence would act as an irritant or a sedative, I cannot determine, but I am sure it would involve us in troubles which we have every reason for keeping out of. British bayonets might even find themselves bolstering up oppression. But apart from that, you cannot expect Englishmen to stand calmly by if they see danger to life or property. Only the other day at Cairo an Egyptian attacking an Omda was, I heard, arrested by one of our police under the noses of the smiling Egyptian soldiery. Fortunately xenophobia proper is rather an Alexandrian than an Egyptian problem. Our own people

\* As regards the Egyptian debt, given a reasonable degree of stability, the foreign bond-holder seems to have little cause for anxiety about the £4½ odd million due each year. The public revenue from receipts of a permanent character for 1921-22 was over £28½ million. One-third of the debt is now, it is computed, held in Egypt and the net accumulated resources acquired by Egyptians during and after the war still amount, it is estimated, to £85 million.

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have often been sniped in Cairo of late years and there was the insurrection in 1919, but the motive was political. I have not heard of indiscriminate attacks on foreigners generally except at Alexandria. Last May, indeed, though Greeks were living all over the country, Europeans were apparently unmolested elsewhere. Luckily, Alexandria is a seaport and handy for warships. For the rest, I should stiffen the European element in the police. There are already between 100 and 200 Europeans in it, and if a British Commandant is retained it would be a better plan than forming a special British constabulary, which would go to seed from pure inaction, as it could only be used in rare emergencies. In case of extreme necessity it would be possible to rush up British troops. Foreigners living up country would, I think, have to accept the risk.

And there would be other advantages in keeping our forces at a distance. In Cairo or Alexandria there would be only a shadowy borderline between passivity and Prussian methods. But the mere fear of our coming back from the Canal would act as some check on mischief makers. We should also be far less "in the air" for the purpose of communications. Whatever place may be agreed upon for our troops, it will take time to complete the necessary preliminaries, but the sooner they can begin the better. I cannot see why eventually we should not keep our main force for this side of the Middle East just across the Palestine border, with an outlying detachment somewhere near the Canal, at Ismailia for choice. The drawback to the far bank is that we could not cross without entering the internationalised zone. As for the fresh water difficulty, it could, I believe, be got over. Even from the military standpoint there can be no advantage greater than the goodwill of the Egyptian people.

Then there are foreign affairs and diplomatic representation. I used to favour keeping them in our own hands, because it is we who, in the last resort, will have to defend Egypt. With internal and external matters, however, inter-

## Letters from Egypt

tangled as they are there, I now think it better to content ourselves with keeping a close touch and the right to be consulted when political agreements are proposed. If every petty point affecting foreign interests should be attended to by us, it would prevent the growth of an Egyptian sense of responsibility. Far better that Egyptians should do the haggling themselves and only come to us in the last resort. Our rôle would thus be less invidious. We should, I hope, come to be regarded as a beneficial force in reserve, whose assistance could be invoked for just purposes. This system would, of course, leave Egypt with her own foreign office and diplomatic machinery. It would also mean leaving her a free hand in commercial arrangements, except that we can, I think, reasonably ask for most-favoured-nation treatment.

But, you will ask, what are we going to do about the capitulations themselves? For the moment, the question must clearly be dropped. The attitude of foreigners I have already explained. Their official world is, I gather, in no hurry to let us champion their nationals, and Egyptians are not in a mood, whatever the advantages, to substitute British for the international machinery as Lord Milner proposed. On our side, the last thing we desire is to add to the contentious subjects. And, however urgent the need of reform, if British judges were straightaway substituted for the Mixed Courts, and British Commissioners for the capitulations and the *Caisse de la Dette*, the public would, I think, still look upon their Government as controlled, and as long as that idea exists, there will be no politics in Egypt except the national question. Once, however, there is a Government which Egyptians recognise as their own, there will be better perspective, less risk of misconception and foreigners may lose their suspicions of our motives and their fears for their own safety.

The Soudan is too large a subject for this letter. Extremists talk of the whole Nile valley for Egypt as far as the Great Lakes, and the subject is being kept very much

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in the limelight. On our side, we feel strongly our duty to the Soudanese. I think, however, that if the atmosphere improves a settlement should be possible on the lines of the 1899 pact. Egyptians naturally want to keep their rights alive and are anxious about their future water supply, for their population is growing fast. The diversion of the Nile was beyond the Khalifa's means, but it would not be beyond ours. They are, I think, entitled to be satisfied on these points. They no doubt gain by having an orderly country on their southern frontier, but the air will be clearer when the Soudan can pay for its own troops, instead of Egypt having to find them, as in the past. Egypt has also at times met the deficits of the Soudan and loaned money to it without insisting upon interest.\*

Next letter I will consider our prospects of getting all these questions speedily settled and of the early establishment of complete self-government.

Yours ever,

LONDON,

*April 15, 1922.*

MY DEAR R—,

I have given you my general conclusions, but there are certain difficulties in the way of giving effect to them.

Lord Allenby's note to the Sultan contemplates the establishment of "constitutionally responsible government," the only alternative which, in my opinion, in spite of its risks, remains open to us. The present Egyptian Ministry is not a Government of that kind. Its mission is to prepare the way for the general elections which are intended to bring such a system into being. Even the elections, however, could not of themselves transfer the whole responsibility to the Egyptian people. For that,

\* According to the newspapers the Government Committee which is drawing up the Constitution have treated the Soudan, which is one of the subjects reserved by the Declaration for discussion, as part of Egypt.

## Letters from Egypt

as I have already pointed out, the British troops must also leave the capitals and all the advisers be withdrawn, which depends on the points reserved by the Declaration being settled. But even for this we shall probably have to wait, for so important a settlement will, I expect, require the authority of a Government that Egyptians recognise as their own choice. The present Government would, I feel sure, be afraid of coming to any compromise that could supply its enemies with a handle. You will remember how when Adly was in London last summer, it was spread about that "the national heritage" was being impaired. From the Government standpoint, too, there may well seem to be no particular reason for hurry. Failure to come to terms would not deprive Egypt of the protection of our fleet, and in the present temper of the Egyptian army our troops may be needed for a time to make sure that authority is maintained.

I have explained the details that have to be discussed, but more turns on atmosphere than details, and this, too, is unlikely to improve until there is a *pukka* responsible Egyptian Government. When there is one, it should, I think, get better, because there is no real clash of interests. The guarantee our sea power gives is as indispensable to Egypt's independence and to her cotton trade as it is essential for us that the Canal should not fall into hostile hands. Further, in spite of political bitterness and some resentment at our social exclusiveness, there is no real antipathy between British and Egyptians. Something will, no doubt, turn on the form in which our proposals are put.

Everything, then, it would seem, depends upon the general elections. How soon will they take place? It is an important point, because, although a short interval would not matter, a long delay would be dangerous. For we have already relaxed our control. The Advisers to the Ministers of Education and the Interior are leaving immediately, and though the Financial and Judicial Advisers



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are staying on, their functions have been changed. The former was described in Lord Milner's book as the cornerstone of British influence inside the Egyptian Administration. His position was practically that of the Tribune of the People in ancient Rome. In future the Financial Adviser will no longer attend the Council of Ministers and executive responsibility will, I understand, be entirely theirs. Egyptian under-secretaries had already been appointed before I left Cairo. Such steps give the lie to those who say that the Declaration consisted of mere empty phrases; but if the present state of things were to be indefinitely prolonged they might involve grave consequences. I do not agree that it does not matter to us, as the *beati possidentes*, what happens while we retain the "stronghand." The whole success of the new regime—and Egypt and Great Britain are both interested in it—depends upon the entire responsibility being put, without delay and beyond dispute, upon Egyptian shoulders. The "strong hand," too, is in any case an expensive luxury. As things are to-day, we run the risk of that very association with the mistakes or misdeeds of Egyptian Governments which was my main objection to a gradual system. Well, the present Prime Minister is no favourite, but he and his Minister of Finance have ability and experience, and the elections are—if the papers can be trusted—to take place next spring, so there is not, apparently, long to wait.

There are, however, unfortunately difficulties in connection with the elections themselves, and they may not after all cut the Gordian knot. Whichever way they go, we must be prepared for trouble. If the Government should be defeated and sentiment remains what it is to-day, there would be a single plank in the platform of the victors—the return of Zaghlul. If the elections took place at once the Government would, I believe, lose them. Its chances should improve during the next twelve months, for it has many advantages; but the possibility of defeat cannot be left out of account. Much turns on the price of cotton.

## Letters from Egypt

It is above the pre-war figure, but very low compared with 1920. The Nile, too, is going to fail for the second time running. Facts like these are bound to tell with peculiar force against Sarwat, for his Cabinet starts unpopular. One cannot go by the festivities at Cairo on March 20, when thousands of notables from different parts attended at the Palace. In the East such things happen. At night the banks and the Government offices were at all events oases of light in unilluminated streets. More significant still, though the police behaved well, the native infantry on street duty openly showed their sympathy with Zaghlulist demonstrators, which supports the common belief that the rank and file and junior officers are generally for Zaghlul.\* Honour was, as you may remember, paid to him by Egyptian troops last autumn in Upper Egypt. Whether Saad is to be allowed back in the future is a matter for the authorities on the spot. It was considered last December that the public safety required his deportation. They alone can decide whether it will prevent his release. *Salus populi suprema lex*. But there is another uncertainty. No one knows whether, in the event of a victory at the polls, he would accept office or become a wrecker.

Well, to return to the Government's prospects. A good hand does not necessarily mean the rubber, but Sarwat starts at any rate with most of the court cards. In the first place, though government in Egypt is always disliked—a legacy from centuries of despotism—it none the less enjoys extraordinary prestige. It is partly respect for power *qua* power. The peasant has never thought for himself and does as he is told except in times of exceptional excitement. It is partly because of what power can do. Officialdom in the provinces is ever anxious to anticipate the wishes of the authorities upon whom its prospects

\* According to *The Times* of May 9, six officers of the battalion concerned, including a major, have, as the result of a Court of Inquiry, been placed on half-pay for this affair.

## Letters from Egypt

depend. It supplies a system which would be the envy of an American party boss. If the great landlords were also on his side he would hardly have to take other active measures. The only fear would be of something happening that seriously shook the general confidence on which such complaisance depends. Even rats leave a sinking ship.

Then the difficulty of getting any approach to ordinary election conditions also tells against the Government's opponents. Martial law is not likely to be done away with for some time to come, for an act of indemnity has first to be passed and, even if there were a parliament to pass it, foreigners are affected, so the consent of their Governments will presumably be necessary. But even the suspension of martial law contemplated by the Declaration, to allow of "the free exercise of the political rights of Egyptians" will be far from easy. Imagine a Limehouse speech in Alexandria! There seems to be plenty of freedom of the Press as far as criticism of ourselves is concerned, but Zaghulist propaganda is forbidden as seditious. The Zaghulist leaders are, in any case, no longer there to agitate, and their funds are said to be low. All of this will tell in favour of the Government.

And as regards the reforms themselves, the position is not the same as in India. In Madras the Provincial Council elections resulted in a victory for the depressed classes. But there we ourselves were responsible, both for the electoral law and for the elections. Here it is out of the question. The British note to the Sultan expressly says that "the creation of a Parliament with a right to control the policy and administration of a constitutionally responsible government is a matter for Your Highness and the Egyptian people to determine." The responsibility is therefore the Egyptian Government's and a committee, appointed by it, has for some time been at work upon the new constitution. Our duty is restricted to seeing that the intention of the Declaration is given effect to, but that duty we must scrupulously perform.

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The consequences of a Government defeat I have already considered. But danger may also attend a Government victory, perhaps a more subtle one than disorder. Its advantages may well secure it success at the polls, but suppose the Egyptian people should decline to accept the victors as their own choice ! We should then be as far as ever from our goal. Force would still enable Government to carry on, but force is a poor substitute for public support, especially if it has to come from outside. Well, these are risks that we must face. Egypt to-day is like a ship trying to get clear of the wharf. Tugs have pulled her head round, most of the ropes have already been cast off, steam is up, hats and handkerchiefs are waving, but she cannot start on her new venture for she is still tied by the stern, and she will remain so until circumstances permit of the final transfer of responsibility.

Yours ever,

## UNITED KINGDOM

### I. CURRENT POLITICS

#### *Mr. Lloyd George's Offer to Resign*

THE General Election controversy which filled the opening weeks of the year quickly raised and gave way to a more general discussion of the future of parties centring upon the plans and prospects of Mr. Lloyd George and, in particular, his relation to the Conservative Party. Sir George Younger's public veto in advance upon an early dissolution was a calculated indiscretion which compelled Conservative adherents of the Coalition to consider a possible choice between the leadership of Mr. Lloyd George and the interests of their party organisation. Apart from the Die-hard section of the Party—who had already made their choice—there was little enthusiasm over the prospect. The desire to maintain the unity and the distinctive character of Conservatism in the constituencies was balanced by the fear of electoral consequences should the Party take the field without the reinforcement of the Prime Minister's ability and prestige. A purely Die-hard appeal was likely to have a cold reception. Twelve years have passed since the country was last consulted upon strictly political issues. The old party loyalties have grown dim and confused. The extension of the franchise has brought into direct participation a new mass of voters, mainly unattached and uncommitted to any party tradition. These changes have reduced political prophecy to guesswork.

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But if one thing seems certain, it is that the electorate of to-day, above all under the prevailing stress of taxation and unemployment, will put construction before conservation. At the same time, a Lloyd George programme without Mr. Lloyd George is out of the question. It would make the worst of both worlds. It would still antagonise the stricter Conservatives, whose influence is strong in the local associations and through the party chest, and it would be emptier than *Hamlet* without the Prince of Denmark.

While Conservatives might murmur against the disadvantages imposed on them as members of a Coalition and supporters of its half-and-half policy, they were certainly unprepared as a whole for a break with Mr. Lloyd George. But whether Mr. Lloyd George himself was prepared to continue as leader of the Coalition with only grudging and limited support from its more important half was now the question. Sir George Younger had struck a blow for the integrity of his party, but it was a blow which threatened to leave it in an unlooked-for, unwelcome and unsafe condition of independence. The Conservative leaders now bent themselves to the task of holding together both their party and the Coalition, while Mr. Lloyd George awaited some assurance that confidence in his leadership had not been withdrawn and some amends for the open slight, as it was generally felt to be, which Sir George Younger's declarations had put upon it.

Matters were not improved towards the end of February by two Conservative speeches, the emphasis of which still lay on obligations to orthodox Conservatism rather than to the Coalition. Mr. Chamberlain assured the Central Council of the National Unionist Association that nothing in the nature of another "coupon" election was contemplated. He and Mr. Lloyd George would each address their own constituents, though not without an understanding as to what they wished to do and how they wished to do it. On the following day Sir George Younger held before the women's branch of the Association a prospect

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not of coalition, but of "a sort of co-operation" with the National Liberals.

These explanations, and Sir George Younger's in particular, rather aggravated than repaired the damage. Instead of the expected protestations of loyalty to the Coalition, Mr. Lloyd George had received a proposal which almost amounted to notice of its termination. Co-operation as an alternative to coalition might mean anything, and probably meant nothing. Some of his strongest supporters were now urging Mr. Lloyd George either to insist upon his own plan of an immediate General Election and to put his Genoa policy before the country for approval, or to free his hands by resigning and leaving a Conservative Ministry to carry on the King's Government until an autumn election. The way would then, they argued, be open to a reunion of the Liberal party and the simplification of politics along trusted and familiar lines.

At the end of February Mr. Lloyd George took a definite step to clear up the uncertainty of his position. In a private letter to Mr. Chamberlain he asked him to explain Sir George Younger's phrase and to define his own and his colleagues' attitude towards the unrest in their party. The request was accompanied by the offer to resign and make way for a purely Conservative Ministry, which, as long as it pursued the policy of the Coalition, could rely upon his support from outside. Before an Oxford audience on Saturday, March 4, Mr. Chamberlain made public his own and his colleagues' reply. They were unanimous in their opinion that the national interest would be injured by the Prime Minister's resignation, and that they would be false to it if they accepted his offer. On the following day Mr. Lloyd George came up to London from Chequers and conferred with Conservative members of his Cabinet. After a full discussion, which is said to have carried the survey of Coalition fortunes well into the future and in the direction of a united party, Mr. Lloyd George postponed his resignation, and the "crisis" was over. Exceptional



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interest was now taken in a speech which Sir Arthur Balfour was to make in the City two days later. Sir Arthur, known as a strong Coalitionist, was expected to speak his mind to the dissident Unionists, and even to lend his great authority to the principle of fusion. These anticipations were disappointed. The speaker did not go beyond a defence of the Coalition as indispensable, though he described it as a national party with two wings. The whole episode had shown that the Conservative Party was ready neither to break with its Die-hards nor to part from Mr. Lloyd George. Mr. Lloyd George, for his part, showed equal disinclination for any heroic departure. Politics have not moved nearer either to the Centre Party or to Liberal reunion. Any considerable change of grouping is not to be expected until a General Election has shaken the dice again and shown the leaders where they stand. They will cross their bridges when they come to them.

### *The Genoa Preliminaries*

The smoothing out, at least for a time, of the Coalition's difficulties had cleared Mr. Lloyd George's way to Genoa. He would have preferred to refresh his mandate by a General Election before undertaking his ambitious task of re-erecting the Concert of Europe upon a basis of stable peace. Now, with his personal authority not a little shaken abroad as well as at home by the flaws disclosed in his parliamentary foundations, the second-best course was open to him of challenging in the House of Commons a vote of confidence in his Genoa policy. In the meantime he had caught a chill and withdrew to Criccieth for a much-needed rest, pursued, even to that retreat, by a company of journalistic augurs bent upon reading political omens in the potatoes he set and the fish he caught. For his "dark and doubtful adventure" he required his full strength. Its European importance apart, the Genoa Conference undoubtedly holds a big stake both for the Coalition and for Mr. Lloyd

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George himself. If he returned successful he would return no longer a Prime Minister on sufferance and he would regain on the eve of the elections the initiative and control lost to him when he accepted a virtual defeat at the hands of the Unionist party-managers. Much will turn on what happens at Genoa.

The debate took place on April 3. It was flat and unimpressive. A mechanical majority recorded the necessary decision. The Prime Minister's own speech was dull and colourless. The set speech of careful phrasing gives his special gifts no scope. From his point of view the only useful purpose served by the debate was to parade the numerical, if not the argumentative, insignificance of the Opposition. It was a feeble send-off for Genoa, to which the interest of British politics now shifted. The last and liveliest echo of the whole controversy was heard in the House of Commons the same week when Sir William Joynson-Hicks moved a "die-hard" resolution of no confidence. Mr. Chamberlain scored effectively on this occasion with a speech that satirised in sparkling fashion the virtuous pretensions of the Die-hards. It was a personal success in an unsuspected vein which won Mr. Chamberlain's powers increased respect both from the benches behind him and from his fellow-Unionists of the Opposition. The issue raised in January by Sir George Younger was now closed and remains in abeyance until it is re-opened, possibly in a new form, by the achievements or non-achievements of Genoa and by the Prime Minister's return.

### *The Montagu Incident*

We must turn back at this point to an incident not without influence on the political situation generally and important as raising a vital question of constitutional practice. On the initiative of the British Government an Allied Conference had, after considerable difficulties, been arranged

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or in Paris in March with the object of revising the Treaty of Sèvres and restoring a common policy in the Near East. Shortly before the Conference the Indian Government had telegraphed to London the nature of the very substantial concessions to Turkey which it demanded on behalf of its Moslem subjects and requested permission to publish them in India. These were circulated to the Cabinet, but no Cabinet decision was asked or taken on them. A second telegram repeating the first request was then received. On his own responsibility Mr. Montagu replied giving the permission requested. Ministers and the public first learnt from the newspapers that these sweeping recommendations had been given to the world as the official policy of one of the Governments of the Commonwealth. Mr. Montagu's resignation followed as a matter of course. The Prime Minister's letter accepting it stated very clearly the nature of Mr. Montagu's offence.

In the first place, "such action," he points out, "is totally incompatible with collective responsibility of the Cabinet to the Sovereign and to Parliament."

In the second place, to quote again his actual words :

If the Governments of the Empire were all to claim the liberty of publishing individual declarations on matters which vitally affect the relations of the whole Empire with foreign Powers, the unity of our foreign policy would be broken at once, and the very existence of the Empire jeopardised. The constitutional impropriety of the precedent which your action, if unrepudiated, would have set in this respect must surely be apparent to you as a matter quite unconnected with the right of the Government of India to urge its views on any particular question or the particular merits of that Government's case.

The moment chosen for your action is, moreover, indefensible from the standpoint, which must govern our action, of broad Imperial interest. A conference on the Near East is about to take place. The questions that will be there discussed are of the utmost delicacy ; the weight of responsibility which the Foreign Secretary will have to carry will, in any case, be most serious ; and your action has added considerably to the difficulties of a task which was already difficult enough. The public consequences of this course of action must inevitably be serious.

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Mr. Montagu—who, it must be remembered, had submitted for months to relentless Conservative attacks—did not wait to explain his action in Parliament. He went down at once to his constituents and at a hastily arranged meeting endeavoured to justify himself. He declared that he had been sacrificed to the Prime Minister's difficulties with the Die-hards, that the doctrine of Cabinet responsibility had become meaningless under the present Government, and that he had only sanctioned the publication of views which were already notorious. He complained that Lord Curzon had known of his action in time to stop it, but had contented himself with sending a "plaintive, hectoring, bullying, complaining" note; a charge to which Lord Curzon was able to give a complete answer later in the House of Lords.

With the personal aspect of this incident we are not concerned. Our readers will long ago have formed their own idea on that side of the matter. The numerous people who regretted Mr. Montagu's departure from the India Office cannot fail to have regretted its cause even more; while those who were least in sympathy with his policy, who had had, as he remarked, "the exquisite satisfaction of receiving my head on a charger," probably found most that delighted them in his indictment of the Cabinet of which he had just ceased to be a member. But we are concerned with the vital principles which were infringed by the publication of the cablegram from India; and, in our view, Mr. Lloyd George's censure was thoroughly justified. If latitude of that kind were to be tolerated, it would strike at the root both of Cabinet government and of the unity of Imperial policy.

Our own views on the subject of the Treaty of Sèvres were expressed in an article on the Near East \* which appeared in THE ROUND TABLE last March; but our opinion of Mr. Montagu's action is independent of the merits of any particular policy.

\* ROUND TABLE, No. 46, March, 1922, p. 319.

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### *The Grouping of Parties*

Mr. Montagu's resignation meant another loss to Liberalism in the Coalition Cabinet. Only two days earlier Sir Gordon Hewart, the Attorney-General, had succeeded to the Lord Chief Justiceship, which he had forgone a year before at the Prime Minister's request. Two of the ablest of the Prime Minister's colleagues, the two in closest personal relationship to himself, had thus left the Government within a week. Their successors were Unionists. Lord Derby was offered and refused the India Office on the ground that he could better help the Government from outside. After the Duke of Devonshire had also declined the offer it was accepted by Lord Peel, then Minister of Transport. Lord Winterton became Parliamentary Under-Secretary. Sir E. Pollock followed Sir Gordon Hewart as Attorney-General, and was succeeded by Sir Leslie Scott. A few weeks later Lord Crawford, First Commissioner of Works, was promoted to the Cabinet. All these were Unionist appointments. The Government's centre of gravity had shifted very considerably to the right. Another Liberal Minister, Sir Hamar Greenwood, occupies the expiring office of Chief Secretary for Ireland.

Before these manifestations of Conservative influence and the efforts of the Die-hards to stampede the Conservative Party out of the Coalition, it is hardly surprising that the National Liberals have been tempted now and then to send appealing glances in the direction of their Independent fellow-Liberals. Independent Liberalism has made it clear, through a pronouncement by Lord Gladstone, that recantation must precede reunion. No one will easily picture either Mr. Lloyd George or Mr. Churchill on pilgrimage to Canossa. Moreover, Independent Liberalism has been holding out the left hand rather than the right. But Labour sturdily refuses to grasp it. On this question of

## Economy and the Budget

co-operation with Labour there is a marked division among Mr. Asquith's following. A factor in the Conservative success at the by-election in West Wolverhampton was the offence given to local Liberals by a Free Liberal whip, member for another division of the town, advising them to vote for the Labour candidate. The Die-hards are now a compact, convinced and articulate group, though they lack a leader. Lord R. Cecil, with his handful of adherents, is separated from Liberalism by the slenderest barrier of tradition, a respected but always isolated figure. In a recent manifesto he has tried to marshal out of the prevailing confusion the forces that move midway between revolution and reaction. But its interest remains academic. No appeal will effect a change until after, and as a consequence of, the next General Election. This is now due for the autumn, but may well come sooner. The Free State Act is through. The Budget is dealt with on a later page. It has disclosed a modest fulfilment of pledges to economise and reduce taxation. Genoa alone remains; and there, with the Prime Minister and his handling of our disagreements with France, may be found the key to the position.

## II. ECONOMY AND THE BUDGET

IN the last number of *THE ROUND TABLE* we dealt with the main features of the first two reports of the Geddes Committee on the National Expenditure. The final report, which was issued subsequently, brought the total of the savings which the Committee recommended to £87,000,000. The Committee took no account of the economies made possible by the decisions of the Washington Conference, but expressed the opinion that these, with one or two other items contingent on naval and military policy, should bring the total reduction up to not less than the £100,000,000 which the Committee had set out to discover.

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We suggested that no Government which failed to put in force economies in one form or another at least as extensive as those recommended by the Committee could be said to have met the needs of the financial situation. That opinion has been strengthened by what has happened since it was expressed, and particularly by the financial problems revealed in the Budget. The Government accepted only about two-thirds of the economies suggested by the Committee, and that after allowing for Washington. The Admiralty, in particular, stood out successfully against many of the Committee's proposals, and the Naval estimates remain at a figure which it is difficult to justify. Opposition in the country would have made it impossible to adopt more than a fraction of the Education cuts, even if the Government as a whole, as there is no reason to believe, had shared the Geddes Committee's view of educational expenditure. So we are left with a list of savings which, though extensive, must still be regarded as partial.

The Budget was introduced on May 1. The accounts for the year 1921-22 showed that the revenue was £1,124,000,000 and the expenditure £1,079,000,000. There is thus a surplus of £45,000,000 to be applied to the redemption of debt. The estimated revenue for the current year is £910,750,000, and the expenditure £700,000 less. With receipts on the same basis as last year, Sir Robert Horne found that he would have a surplus of £46,000,000 if he made no contributions from revenue to sinking funds but met his statutory obligations on that head by borrowing. The Government determined to take that course and to use the surplus for remissions of taxation, direct or indirect. The standard rate for income tax was accordingly reduced from 6s. to 5s., 4d. a lb. was taken off tea, with consequential reductions in the duty on cocoa, coffee and chicory, and the estimated Post Office surplus of about £10,000,000 was applied in providing cheaper postal rates, greater facilities, and lower telephone charges.



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This cannot be called in any sense a popular Budget, though it has been generally accepted as a reasonable one. In the event of an election it might even prove to be definitely unpopular, since it is open to the obvious if superficial criticism that it is a "rich man's Budget." At least the Chancellor has avoided many pitfalls into which different interests tried hard to lure him. He has not followed the advice of those who clamoured for 2s. off the income tax without indicating where the money could be found. He has steered safely between the Scylla of borrowing under the thin disguise of capitalising the war pensions charge and the Charybdis of the electioneering allurements of a thumping drop in the beer excise. Borrowing to pay the sinking fund is heresy to the orthodox, and if the country's foreign credit is damaged by our failure in this financial year to live strictly within our income, the orthodox will be right. As to the possibility of that result, it seems to us to be dangerous to dogmatise. The Government have taken a risk, but we have heard no arguments adequate to support the view that it is a risk which no one but a desperate gambler would have taken. It was either that or the maintenance of the income tax at 6s. The remission of 1s. seems hardly likely to rehabilitate British trade, but it has a certain psychological value because it banishes an obsession. To 99 people out of 100—manufacturers, traders, bankers, clerks—the iniquity of the 6s. income tax had become, in fact, an obsession. It is conceivable that a man would be justified on psychological grounds in taking his wife to the opera in defiance of financial scruples, and even though he knew that if he did so his gas bill would have to stand over until next month. By the same reasoning we think it conceivable that "raiding the sinking funds" in this year's Budget was sound policy.

But the Budget, as is clear from a cursory examination of the accounts, involves other risks than this. It contains little or no margin for contingencies. Revenue appears

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to have been generously estimated ; only £25,000,000 are allowed for supplementary estimates, though in each of the last three years the unforeseen expenditure has amounted to more than £100,000,000. The real test for British credit abroad will come if there is a deficit at the end of the year. There is only one policy which can certainly prevent that result, and that is a policy of further stringent reductions during the year in expenditure. It is only necessary to glance a year ahead to see the imperative necessity of unremitting economy. The Budget of 1923-24 will present far more formidable problems than that just announced. The service of the American debt will claim a further £25,000,000, windfalls from the sale of surplus stores and other Government property will cease or dwindle considerably, income tax will be assessed not on two bad years and one good one but on three bad years. Not until then shall we be in a position to appreciate the true dimensions of the financial problem with which the war has confronted us.

### III. INDUSTRIAL DISPUTES

THE last three months have been marked by differences between employers and workers in three of the country's most important industries—cotton, shipbuilding and engineering. The three disputes are of interest, apart altogether from their causes or their effects, as illustrating the very different degrees of cordiality (or hostility, as some may prefer to express it) in the relations between the national organisations of employers and workers in those industries.

The dispute in the cotton spinning and weaving industry did not involve a stoppage of work. The employers gave notice that a substantial reduction in wages was needed to bring about a revival in trade. The operatives considered the reduction excessive. Negotiations took place

## Industrial Disputes

and although not immediately successful, ended in a compromise acceptable by both sides. Such an episode hardly merits the name of a dispute, and it is fortunately the form in which the differences—inevitable in any industry—are in the textile industry usually disposed of. Both sides are highly organised, and their organisations are in constant touch with one another in the everyday conduct of the industry. They are so much accustomed to compromise and friendly settlement that it becomes part of the game for one side to ask for more than it wants, and the other to offer less than it is prepared to give, in order that there may be a meeting place half way. This tradition may be ethically imperfect, but it is in practice invaluable. The negotiations may come to resemble a game of poker, but the players are well matched in skill and the play need leave no bitterness behind. It is a sound test of health in the organisation of an industry that a tradition of common interest formed in other times should be strong enough to withstand the storms and buffeting of the unprecedented conditions of to-day.

The shipbuilding dispute also turned on wages. The employers have for more than a year past seen their yards steadily emptying. No new keels have been laid down to fill berths as they became vacant. With a gross tonnage of shipping in the world 15 per cent. greater than in 1914, and a total volume of ocean borne trade certainly not less than 15 per cent. smaller, shipbuilding everywhere is inevitably a depressed industry. These universal reasons for depression have been intensified in the United Kingdom by the high costs both of new building and repair work here relatively to other countries and by the sale to British owners of a large part of the former German mercantile marine. Costs were kept up both by the level of wages and by the insistence of the trade unions on ancient and indefensible restrictions involving the continuance of obsolete and uneconomical methods of work. Stagnation in any industry tends to lead to the relaxation of restric-

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tions, and it was the other factor in costs—wages—which the employers in the early part of the year attacked. They demanded the abolition in one stroke of the whole of the war-time flat rate bonus of 26s. 6d. a week. Such a demand was bound to be resisted, and the failure of negotiations led to a cessation of work at the end of March. Only after some weeks and one adverse ballot has a settlement been reached, on the basis of an immediate reduction of 10s. 6d. and a further reduction, in two instalments, of 6s. Nothing more is to be said apparently about the remaining 10s. Although any general revival of prosperity in British shipbuilding can only follow a marked improvement in the trade position of the world as a whole—or, in other words, is not yet in sight—it is not unreasonable to expect that the wages reductions now agreed on will at least prevent a large part of the repairing work being sent, as in the past year, abroad, and will stimulate the laying down of those classes of ships of which there is a relative shortage and the development of new and more efficient methods of propulsion, such as the use of the internal combustion engine.

### *The Engineering Lock-out*

More important, because more serious in its results, than either of these disputes, and at the same time more interesting as a chapter in the history of the relations between employers and workers, is the lock-out in the engineering industry. The members of the Amalgamated Engineering Union were locked out from the works of all firms members of the Engineering Employers' Federation on March 11, and after prolonged negotiations the ban was extended in the middle of April to the 47 other unions employed in the industry. At the time of writing 750,000 engineering workers are unemployed, and the great part of the industry is idle.

It may be asserted with confidence that even now, after

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three months of negotiations and wrangling and such partial publicity as the Press has been able to afford, the ordinary citizen has no clear idea as to the causes of this upheaval. Every industrial dispute must contain much that is obscure to all except those engaged in the particular industry. This quarrel, if any ever was, is caviare to the general, and so remote are the formulas, the subjects of contention, from the common notions of practical affairs, that their meaning could hardly be more recondite if they were composed in Sanskrit. It is worth while, therefore, making some attempt to strip away dead husks and to examine what is beneath; there is at least the certainty of reaching sooner or later the bread and butter of 3,000,000 human beings.

The dispute has no direct or ostensible connection with wages. Engineering wages were reduced less than a year ago by agreement by about 14s. a week. The trouble began over an agreement which the Employers' Federation wished to make with the Amalgamated Engineering Union in regard to overtime and the exercise of managerial functions. After protracted negotiations the Executive of the union agreed last November to recommend for acceptance the following document :—

I.—(1) The Trade Union shall not interfere with the right of the employers to exercise managerial functions in their establishments, and the Federation shall not interfere with the proper functions of the Trade Union. (2) In the exercise of these functions the parties shall have regard to the Provisions for Avoiding Disputes of April 17, 1914, which are amplified by the Shop Stewards and Works Committee Agreement of May 20, 1919, and to the terms of other national and local agreements between the parties. (3) Instructions of the management shall be observed pending any question in connection therewith being discussed in accordance with the provisions referred to.

II.—It is agreed that, in terms of the Overtime and Night Shift Agreement of September 29 and 30, 1920, the employers have the right to decide when overtime is necessary, the workpeople or their representatives being entitled to bring forward, under the provisions referred to, any cases of overtime they desire discussed. Meantime the overtime required shall be proceeded with.

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In a ballot taken in January, by 50,000 to 35,000 votes, the union rejected this proposed agreement. The employers claimed that this decision was a direct attack on their right to manage their own works, and gave notice that members of the union would be locked out after March 11. Further negotiations, in which the Ministry of Labour took part, only tended to widen the differences between the parties, and the lock-out came into force on the appointed day. Meanwhile the other unions, 47 in all, employed in the engineering industry had been asked to subscribe to the memorandum in dispute. Pending a ballot of their members, the lock-out notices, so far as they affected these unions, were held in suspense. The ballot showed only 50,000 votes for acceptance and 165,000 against. Through a mediating committee appointed by the National Joint Labour Council (representing the Trades Union Congress and the Labour Party, in and out of Parliament), negotiations with the 47 unions were revived, and did not finally break down until the middle of April. The lock-out then became in effect a complete stoppage in the industry. Not until this position was reached did the Government accept the suggestion made some weeks previously by the mediators that it should appoint a Court of Inquiry under the Industrial Courts Act of 1919. An inquiry had all along been opposed by the employers, but at the end of April, under pressure from the Government, they were forced to accept one; and Sir William Mackenzie, the permanent president of the Industrial Court, was appointed to investigate the dispute. A court of this kind has no power to bind either side by its conclusions. Its value lies in the fact that it compels both parties to fight in the open, and to substitute proof for propaganda. At the time of writing the inquiry is still in progress.

This is a bald and much abbreviated record of the course of the dispute. What are the merits? The employers' contention is that there can be no efficient conduct of the industry unless they are undisputed masters in their own



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house. (We use here a phraseology which we think accurately represents the point of view we are describing, though we are far from suggesting that it has any absolute value, *e.g.*, that a works is in fact the employers' own house.) The management must have the power to determine when overtime is to be worked or to make changes in methods of operation, to substitute one type of machine or one class of labour for another. Admittedly under the terms of existing agreements with the unions or in accordance with traditional practice the workers are entitled to ask that any particular case of overtime or any "material change" in methods of operation should be discussed by the management with their representatives, but pending such discussion the instructions of the management must be carried out. Moreover it is for the management alone to decide whether any particular change is a material change and therefore susceptible to discussion. The unions, by refusing to accept these contentions, have put forward claims which mean nothing more nor less than that industry is to be controlled on the soviet principle. Once admit those pretensions and the ruin which has followed soviet rule in Russia will creep over British engineering. The attitude of the unions is obviously not that of the workers as a whole, for it was confirmed by a ballot at which, though it was conducted in the loosest fashion, the total number of votes cast was only 85,000, or less than one-fourth of the membership of the principal union. There were actually fewer votes than there were members unemployed at the time. The employers are fighting not only in their own interests but on behalf of the bulk of the workers, who are misled and misrepresented by a minority subject to "international political influences." In plain language, the unions, and particularly the Amalgamated Engineering Union, have been led by the nose by the Communists.

So much for the employers' case. The unions maintain that the quarrel has been forced on them by the employers, who chose a time and ground most favourable for breaking



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the unions. A difference of opinion arose as to the interpretation of an existing overtime agreement. The union offered to submit the point to arbitration. The employers refused, and magnified the disagreement into a *casus belli*. Overtime is admittedly *per se* an evil; admittedly, too, it is often necessary. But at a time when 100,000 engineering workers are on the streets and many more working only short time, every effort ought to be made to restrict overtime to work on which it is indispensable. So with the wider question of managerial rights. The unions make no new claims, but they are not prepared to abandon any of the positions they have won in the past. To admit the present contentions of the employers, to accept the formulas of settlement offered to them, would be to bind themselves hand and foot and to put it in the power of the management to make sweeping changes, changes which would undermine the skilled workman and his craft union, without discussion. An attempt to attain this result, made in the depth of an unprecedented depression when the coffers of the unions have been drained by claims for unemployment benefit, is in effect an attempt to break the unions.

We have presented the two arguments as briefly as possible and, we hope, without any significant inaccuracies. For the root of the matter we must look further. Any impartial observer must be struck by the lack of precision in the phraseology of the documents in dispute. "The Trade Union shall not interfere with the right of employers to exercise managerial functions in their establishments, and the Federation shall not interfere with the proper functions of the Trade Union." It is a traditional formula in engineering agreements, but it begs every single practical question likely to arise. What are "managerial functions"? What are "the proper functions of a Trade Union"? What is "interference"? Agreements which contain so many undefined and indeed undefinable terms can settle nothing. The only basis for a workable arrangement in regard to overtime or changes in methods of operation or

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any other practical question of production must be sought in the relations of the management and the men in individual works. We do not suggest that national agreements have no value, but that their value is limited. If the management of a works is efficient and at the same time human—that is to say, if there is respect and confidence on both sides—no national agreement will be needed to keep the peace, and if these factors are absent no such agreement will in the long run prevent a breach of it. The engineering industry covers an extraordinary diversity of types, not only in its material equipment, in the degree of modernity of its buildings and plant, but in what we may call its traditions of management. All over England it is possible to find in the same town two works, in one of which a piece-work system is in harmonious operation, while, in the other, time work is universal and could not by consent be superseded. It is absurd to suggest that in the one works the men are Communists, in the other decent citizens. The truth is that the men know by experience that the one management can be trusted to work the system fairly and honestly and that the other can not.

It is now possible to approach the first question suggested by the employers' argument in this dispute. Is it true that the freedom which the employers seek is necessary to enable them "to place the industry on a sound and economic basis"? Have the unions and their members recently so abused their claim to previous discussion as to restrict unreasonably the employers' freedom? We believe that in the great majority of works the changes necessary to enable employers to improve output, to cheapen production and to meet foreign competition in the unique conditions of these days have been brought about without friction. Not indeed, by any appeal to abstractions such as the conception of "managerial functions," but by an open statement of the particular difficulty to be met and by frank and friendly discussion and compromise. If in such a works the management has wished to transfer a

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certain operation from lathes worked by skilled men to automatic machines manned by a smaller number of semi-skilled men, it has not issued an edict that this change was to take effect on Monday and then refused to admit that it was a "material change." It has consulted the shop stewards, has probably invited the district secretary of the union to come to a private discussion, and has in the end attained its main object by agreeing to increase the number of skilled supervisors in the automatic department or in some other way to protect the members of an ancient craft union which it values and respects. If the management wished to take an order in Brazil at a cut price rather than to lose it to Germany, it has disclosed all the facts to its works committee or its shop stewards and offered to reduce its overhead charges *pari passu* with a reduction in piece-work rates. In works where a reasonable human policy of this kind has been followed, production has for months past been on an entirely sound and economic basis and the relations between employers and workers up to the time of the lock-out were as friendly as they had ever been. The only effect of the prolonged trade depression had been to emphasise the community of interest between the management and the men.

There are, however, other works in which relations have been continuously bad. Authentic instances have been put forward by the Employers' Federation of obstruction by the workers of such a nature that efficient production is impossible. These instances are frequent in works which are badly managed; they are found more in some sections of the industry than in others; and some of them have no other cause than extreme views amongst the men's leaders in a particular district or works. The employers were clearly justified in taking steps to put an end to practices which were crippling some of their number. But it is the first great weakness of the employers' case in this dispute that the whole engineering industry has been brought to a standstill

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because of trouble in a small section of it. The deadly weapon of a general lock-out was used, not reluctantly when all other measures had failed, but with a light heart, as a pawn to king's fourth move. The lock-out has caused intense bitterness amongst the workers, particularly amongst members of the principal skilled union, the Amalgamated Engineering Union. It has piled up obstacles for the future in the way of those firms which have been able to manage their works efficiently without serious labour troubles. We know of one works in which the men had co-operated loyally with the management over a long period, and had accepted in the last twelve months lower piece-work rates, changes in operations, overtime—everything that the management had been able to convince them was needed to meet the conditions in which orders had to be taken. "What is the result of it all?" they say now. "We are locked out." On the day before the lock-out took effect the manager of those works sent for the chief shop steward. He had been with the firm for years and held a unique position, founded on personality. His employers respected him because he was a first-class workman and because he was reasonable and recognised something of their difficulties; and as he always told his men the truth and never let them down, he kept their confidence without losing the firm's. He shook hands with the works manager and said: "I don't think I shall be coming back here to work. I am not blaming you; I know you are in the Federation and have to go with them. But this makes me feel I've been a failure. You know what my work here was, my whole life was in it. After this, I don't feel I can face it again with the fellows here. They'll be saying—some of them have said it already—'Well, Jack, what about your policy now? You see where it's landed us.'" This is not an isolated case. The bitterness of disillusionment has entered into hundreds of the men's real leaders, their leaders in the shops, through this lock-out, and thousands of their men have

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been tempted by it to discard "Jack's policy" for its opposite.

These feelings have been exacerbated by the manner in which the Employers' Federation has conducted the dispute. It has made sweeping charges of subserviency to the Communists, of a conspiracy to introduce soviet methods into the shops, of some hidden connection between the unions and Bolshevism—charges, to those who are in daily touch with the men in engineering works, patently absurd of all but a small minority. Having failed to get an agreement accepted by the Amalgamated Engineering Union, which it primarily concerned, the Federation endeavoured to exploit the notorious jealousy between the skilled and semi-skilled or unskilled workers by submitting the same agreement to the unskilled unions. After opposing every suggestion of a Court of Inquiry until the attitude of the Government made resistance no longer possible, the Federation not only refused to suspend the lock-out during the proceedings of the Court, but chose that moment for an attempt to detach individual men from their unions by offering work to any who were prepared to take it on the employers' terms. No one, we think, imagines that the Federation seeks to break the unions in the sense of restoring the open shop as it exists in America. But it is difficult to trace behind the methods employed by the Federation in this dispute any other general policy than that of *divide et impera*. Underlying that policy is a philosophy of industrialism which in our view is profoundly mistaken. It regards the conduct of industry as a ceaseless struggle between two irreconcilable forces. There are periods when labour can call the tune and make its own terms; there are other periods when the employer has that privilege. Since cycles of good and bad trade seem to be inevitable, this philosophy is simply the negation of any possibility of industrial peace. We believe that in that form it is rejected both by the conscience and the common sense of the nation. If it were

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not, we must admit the failure of our present economic system.

But a permanent state of strife in industry is not only repugnant to reason, it is inconsistent with industrial prosperity in the long run. One of the most serious results of the present lock-out has been its effect on the prospects of British engineering in foreign markets. Repeated strikes in Great Britain, not so much in the engineering industry itself as in other industries which supply its raw material, during the first two years after the war undermined the confidence of foreign buyers. In the last eighteen months every effort has been made by British engineering firms to live down a damaging reputation, and to a great extent those efforts had been successful. The lock-out has again put back the clock. Important orders which could have been obtained by British firms have been postponed or placed in other countries, because of the complete uncertainty in regard to delivery of plant bought here. Confidence is hardly won and very quickly lost, and the effects of the lock-out in destroying it will be felt for many months. At the beginning of the year the prospects open to British engineering in markets abroad were, relatively to those of its competitors, probably better than they have ever been. The industry had during the war immense opportunities of modernising its equipment and its methods of production, and the lessons then learnt have been applied by very many firms to good purpose. The old qualities of reliability, finish and what we may call the gift for mechanical improvisation remain. But the lock-out has darkened the future. Real progress is impossible if the relations of employers and their workers are to be permanently embittered. It rests with that section of engineering employers which has no faith in such adventures to exert their full influence in the counsels of the Federation. Once the lock-out had taken effect there was at no time much prospect of any serious open breach in the ranks of the employers. But it is common knowledge that wide differences of

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opinion exist inside the Federation both as to policy and the methods of conducting the dispute. If those differences lead in time to the defeat of the extremists, the lock-out will have had, at any rate, one useful result. But it will have been attained only at great and incalculable cost to the industry and the country as a whole.



## INDIA

*The Indian question to-day has many sides, and can be viewed in many aspects. Perhaps there are hardly two people in the world who would entirely agree in their statement of it ; but there are at least two things which may be asserted with regard to it without fear of contradiction. It has one radical defect—that it is never simple ; it has one ineradicable charm—that it is never commonplace.*

THAT passage is quoted textually from Lord Milner's standard work on Egypt, with the single substitution of the word "Indian" for "Egyptian." There could be no better jumping-off point for any attempt to depict the condition of India to-day. It is specially true to say that there are no two people in the world who will entirely agree in their statement of it. Between the "Die-Hard" who asserts that the unrest in India is entirely due to the injection of a dose of democracy into the Indian Government, contaminated at its source by the evil genius of Mr. Montagu, and the Nationalist enthusiast who believes that all ills spring from the lack of "sympathy" in the Indian Administration, to be cured only by immediate self-government, there is no approximation. We can therefore only take refuge in official pronouncements. In the debate on the Address in February, Lord Curzon summarised the Indian situation in a passage which is sufficiently accurate for the purpose. After describing the situation as anxious and menacing, he attributed the ferment to the reflex action of the war ; which expressed itself in increased prices, stifled trade and high taxation ; to the painful

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memories of what happened in 1919; to the agitation pursued in India, often on sinister and seditious grounds; and to that self-determination or self-government which was surging amongst most Eastern peoples.

### I. THE REFLEX ACTION OF THE WAR

AS the Indian political situation is in so marked a degree the reflex action of the war, we should refresh our memories of those remarkable years. The war position was one which the most optimistic dared not anticipate. It had always been assumed that during a great European conflict India would have to be powerfully reinforced from Britain; on the outbreak of the war Lord Hardinge, then Viceroy, pledged the last man and the last gun to the service of the Empire. That pledge was literally fulfilled. From the moment when the first units sailed for France a great stream of men, munitions and foodstuffs flowed to Europe, East Africa, Mesopotamia, Palestine and Egypt. Soldiers say that these men having been enlisted for the service of the King, they had to serve wherever he bade them. True; the pregnant fact is that they were sent to the battle fronts with the full support of all the articulate classes in India. From first to last nearly a million men were sent overseas. Behind the tale of men went substantial contributions of money—the free gift of a hundred millions sterling towards the cost of the war and the subsequent acceptance of war obligations amounting to another forty-five millions sterling. These sums seem small to British eyes, but they are very large indeed for a country like India. Under the stimulus of a patriotic campaign, India raised unprecedented sums in war loans. The reflex action of this war effort was set out in the Government resolution on the disturbances of 1919:—

After the conclusion of the armistice hopes ran high amongst the educated classes, that the services rendered by India would

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receive immediate recognition. But these hopes were not at once fulfilled, and disappointment was caused by a combination of circumstances, such as high prices, scarcity, foodstuff restrictions, and the anxieties of the peace settlement, especially as it affected Turkey.

Prices were rising in India before the war, but the influence of the war was severe. If we take 100 as the price level of July, 1914, the principal articles of food were in January, 1922: rice, 142; wheat, 192; *jowari*, 153; sugar, 202; mutton, 230; milk, 191; clothing, 258. In the great cities there was an almost fantastic increase in house rent. The manual labourers found compensation in a corresponding increase in wages, but the great body of salaried men could not receive a proportionate rise in their incomes, and the belated attempt to pay the Government subordinates a living wage is now bringing the Provincial Administrations to the verge of bankruptcy. In the last year of the war, 1918, the rains failed more completely, and over a greater area than during any season in the recent history of India. Famine is no longer expressed in hordes of men and women seeking relief on Government works, but the pressure of these seasonal disasters is tremendously severe in a country where 71 per cent. of the population is dependent on agriculture. The failure of the crops followed on a period when India had been swept bare of her ordinary reserves for military purposes, and they were followed by another poor season in 1920.

Lord Cromer laid down the wise canon that the secret of good government in an Eastern country is low taxation. The first war Budget avoided increased taxation, but thereafter each year saw fresh burdens laid on the taxpayer. At first these were of a moderate character, and took the form of increased Customs duties—never unpopular in a country like India, where there is a strong protectionist sentiment—and a higher income tax and super tax. But the heaviest burdens have accrued since the Armistice. The Budget last year showed a deficit of

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Rs.19 crores (£12,666,666), met by the largest increase in taxation in the modern history of India. This emergency threw a great strain on the Reformed Councils, meeting for the first time; but it was courageously faced and the new imposts were sanctioned. But even after this strain there was no improvement, as the figures given in section VI of this article show. The taxation necessitated by successive deficits touches every section of the community, already so hard hit by high prices that the average consumption of cotton cloth has declined from eighteen yards per head in 1914 to ten yards in 1920. The demand for economy, especially in the direction of military expenditure, has now become insistent.

Indian trade, which is somewhat undisciplined in its character, had grown restive under the various measures demanded during the war to conserve her resources and finance for staples of Imperial importance. When this resentment was gradually subsiding under the influence of the post-war boom it was revived by the currency policy adopted in 1920. When, on the report of the Currency Committee, which sat during 1919 under the chairmanship of Sir Henry Babington Smith, the Government took steps to stabilise exchange at two shillings gold, the consequences were tragic. In the preceding month there were apparent signs of the decline in Indian exports consequent on the collapse of the buying power of the world. This would have been at any rate partially corrected in the ordinary course by a fall in exchange. The attempt to stabilise the rupee at two shillings gold violently reversed this process. It raised exchange at a stroke by fivepence, giving an enormous stimulus to the import trade and almost killing the dying exports. It induced frantic speculation in exchange, and the transfer of capital from India to England to take advantage of this golden opportunity. During the war very large Indian credits, amounting to £106,000,000, had been accumulated in London, represented as to one-half by investments in British Treasury bills against

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currency notes issued in India to pay for war exports. On the return of these to India a loss of £35,000,000 sterling was experienced. By the time the immense imports ordered under the stimulus of a rising exchange were delivered, the experiment had collapsed, and exchange had fallen to the neighbourhood of one and fourpence again. The merchants who had placed these orders were faced with ruin. The goods they had imported were unsaleable owing to the decline in values ; they were called on to pay for them at fifteen rupees to the pound sterling, whereas they had reckoned on paying ten rupees. The consequent paralysis in the great piece goods business has not yet passed away.

Nor was this the most unfortunate aspect of this disastrous experiment. The decision to stabilise the rupee at two shillings gold was reached in violation of all the Indian evidence given before the Committee ; the one Indian member indited a powerful minute of dissent. It was opposed by all Indian commercial interests. When it was overtaken by tragic failure, after costing the Indian Exchequer these immense sums and Indian traders these great losses, there was a violent reaction against the Government. Few Indian merchants believed that this was an honest policy ; many regarded it as a trick to repay the British debt to India cheaply and to give an illegitimate fillip to post-war British exports. All students of currency know that these allegations have not the slightest foundation in fact ; yet they were widely held in India.

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### II. THE MEMORIES OF 1919

NO man can deal honestly with the events of 1919 and escape villification ; but the attempt must be made, for it is an essential constituent in the Indian problem. There is a tendency, in England and in India, to regard the outcry at the report of the Hunter Commission and the action of Government thereon as a movement against the suppression of insurrection by force. Nothing could be farther from the truth. The Indian believes in order. He knows that in India lawlessness immediately finds an expression in riot, murder and arson ; that the police are so inefficient that they must be frequently supported by the military arm ; and that the most humane course in time of disturbance is prompt and effective action. The legacy of 1919 goes much deeper. Every observer of Indian questions for the past decade has seen that the dominant passion is an intense craving for her self-respect, for her equal stature amongst the peoples of the world. This ruling passion was cruelly affronted by the events of 1919 and their aftermath. It was not that force was used at Jhallianwallah Bagh, but that the doctrine of preventive massacre was put into practice ; it was not that stern measures were taken under martial law, but that punishments of humiliation were deliberately inflicted. Stern measures were taken, severe punishments were inflicted at Ahmedabad ; none hears of any grievance there. Indians saw with amazement that an act described as " a grave error " by all the members of the Hunter Commission, as " indefensible " by the Government of India, and as " in complete violation " of the established principle of the use of minimum force when the military are called in to aid the civil arm, by the Cabinet, was acclaimed by the general body of Europeans in India and their friends in England, who raised for the officer concerned an immense public sub-

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scription. They read with anger that his action was applauded by a strong element in the House of Commons and a majority of the House of Lords. To the Indian, and the higher his character the stronger his indignation, the events of 1919 were the brand of subjection burnt into the living flesh.

Nor was this nearly all. No important issue was ever more maladroitly handled. The serious events in the Punjab were over by the end of May, 1919. If there was to be an inquiry, it should have been prompt and final. The Hunter Commission did not begin its sittings until October of that year and its report was not presented until the following April. Meantime, the country was ringing with the wildest stories of oppression, and the National Congress appointed its own committee of inquiry, consisting of Mr. Gandhi and lawyer colleagues, whose report was in the hands of the public before the issue of the conclusions of the Hunter Commission. None who know India will regard this report and the fat volume of evidence which accompanied it as having the slightest judicial value. Mr. Gandhi and his colleagues wanted evidence of oppression and they got it; any wandering tribunal which wants evidence of a particular shade in India can obtain as much as it requires. The suggestion put forward that witnesses were credible because they were warned of the consequences of untruth is childish to all who know their India. But these facts do not alter by one iota the harder fact that Indian opinion on the events of 1919 is not formed on the report of the Hunter Commission—before which neither the Congress nor the Moslem League adduced evidence—but on the *ex parte* report of the Congress Sub-Committee, whose stories of oppression have been repeated with embellishments on ten thousand platforms in every part of the country. Never, at any stage, did the Government of India appreciate that this was not a political but a moral issue; not until February, 1921—and then only when faced by the breakdown of the Reform Scheme—did they attempt to put



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themselves morally right. What Lord Curzon so truly described as the painful memories of 1919 hung like a blight over Indian politics for more than two years and are only now slowly disappearing.

### III. A SOCIAL REVOLUTION

THESE economic and political factors have been intensified by social changes little realised. Well may the orthodox Hindu, surveying the field, feel that he is confronted by a social revolution of an almost cataclysmic character. The age-worn Hindu system divided society into rigid vertical strata, graded from the supreme twice-born Brahman to the tragic "untouchable" for ever cut off from contact with fellow-men less degraded than himself. This rigid system has been shattered by western ideas beyond repair. The British Government made all men equal before the law; the railways gave the Sudra the same right to a seat as the Brahman; but the Government could not attack the social system. This the Christian missionary blasted with charges of dynamite. To the despised Sudra he brought the liberty-loving and democratic faith of the ruling race, admitting all who believed to the equal brotherhood of Christ. We can gauge something of the influence of the Christian missionary in the numbers of his converts; two and a half millions in Madras profess Christianity and whole villages of the Punjab are said to be ready for conversion if there were the teachers to nourish them in the new faith. It is much harder to gauge the indirect results of their persistent teaching. But the following incident is illuminating. Nasik, in the Bombay Presidency, the source of the sacred Godaveri, is one of the great centres of Hindu pilgrimage. Every twelve years pious Hindus flock there in immense numbers to celebrate the *Sinhast* festival, people coming from as far afield as the distant Himalayas. An English missionary, a fluent Marathi scholar, made it a

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practice to preach every day amongst the pilgrims on the banks of the river ; he never failed of an audience, he never failed of a respectful hearing, he never addressed a gathering which was not more or less familiar with the life and teaching of Christ, and he sold copies of the New Testament in thousands. This occurred in one of the most famous centres of Brahman influence. Numbers, moreover, express only a fraction of this dynamic force. Missionaries have influenced many of the best minds in India by the Christian ethic even though such do not profess the Christian faith. They inspired the social reformers, who have laboured unceasingly for the elevation of the "Depressed Classes." They have been supported indirectly by the Mahomedans, offering to the convert to the militant faith of Islam the fullest rights once they accept the badge of conversion. They gradually aroused an extreme fear within the ranks of Hindu orthodoxy that if they did not move, the whole body of the "Depressed Classes" would be lost to Hinduism. In this almost silent work the ground was steadily made ready for constitutional reform. So far had it proceeded that an experienced Civilian who sat on the Committee which worked out the franchise under the Montagu-Chelmsford reforms, declared at the end of his tour that the fear of a Brahman oligarchy was exploded. It needed but the touch of a democratic franchise under the Reform Scheme for the "Depressed Classes" to come by their own. In Madras they secured such success at the polls that they control the provincial administration. Everywhere they have obtained representation so substantial that the protection of their interests is secure. By sheer virtue of numbers their political power must increase with each extension of the present limited franchise. The cry to-day is not "Justice for the Untouchable," but "Justice for the Brahman." Nor is the Brahman easy under this pressure. Behind Mr. Gandhi's passionate repudiation of western ideas and institutions there is something much deeper than rejection of what is called in the shibboleths of the moment

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the materialism of the West ; there is the reaction of Orthodox Hinduism against these shattering and revolutionary changes.

### IV. THE KHILAFAT ISSUE

THERE is a class of publicists who regard the agitation in India over the terms of peace imposed on Turkey in the Treaty of Sèvres as revolutionary and factitious. That view cannot obtain amongst any who understand the Indian situation. The first signs of a Pan-Islamic spirit date back to the Turco-Greek War, when no little surprise was aroused by the illumination of mosques in Bombay to celebrate the victories of the Hamidian forces. It received its greatest impetus from the modification of the Partition of Bengal in 1911, which was regarded by Moslems as a surrender of their special position in Eastern Bengal to Hindu clamour and sapped their faith in British support. It grew in strength during the Balkan Wars.

It is not easy to understand the attitude of the sober Moslem towards Turkey. Before the war it was undoubtedly dominated by the desire to preserve the territorial power of Islam. Since the war it has been markedly influenced by the consideration advanced in the March number of *THE ROUND TABLE*, in the article, "The Near East,"\* arising from a feeling of superiority to the Greeks. It is true that some of the protagonists in the Khilafat movement were frankly revolutionary, aiming at the independence of India, and were simply making use of Mr. Gandhi. Their idea of an independent India was one where Mahomedan fighting qualities would impose themselves on the Hindu majority, and they looked to the outer world of Islam for support in maintaining this domination. But behind this extremism lay the solid permeating thought

\* *THE ROUND TABLE*, No. 46, March 1922, p. 328.

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that the Moslems of India had not been fairly treated—that they had been exploited during the war—yet the moment the war was won Turkey was sacrificed to the Greeks. Ever since the rise of the Angora Government India has been harried by tales of Greek excesses in Smyrna and Anatolia and by the sufferings of their co-religionists in Asia Minor. They are no believers in the permanence of the régime of King Hussein in the Hedjaz or of King Feisul in Mesopotamia. The philo-Hellenism of Mr. Lloyd George is regarded by all Moslems and many Hindus as a breach of the pledge given in January, 1918, "Nor are we fighting to deprive Turkey of its capital or of the rich and renowned lands of Asia Minor and Thrace, which are predominantly Turkish in race." Britain is looked upon as the enemy of Islam; and there will be no peace either in India or in Central Asia until there is peace with and within Turkey. Lord Reading's telegram, whose publication induced the fall of Mr. Montagu, has indicated the path to that peace.\*

### V. NON-CO-OPERATION AND MR. GANDHI

INTO this surcharged atmosphere there was precipitated the baffling personality of Mr. Gandhi. Those who know him best despair most completely of giving to Western readers any adequate conception of this enigmatic character; indeed, the better you know him the harder is it to understand him. Short in stature, with large ears and a gap in his front teeth, Mr. Gandhi has none of the outward attributes of leadership. A Gujarat Bania by caste, he makes no appeal to Hinduism by pride of birth or privilege of caste. The gentlest of men in manner and form of

\* Our own view on the Near Eastern Question will be found in *THE ROUND TABLE*, No. 46, March 1922, p. 336. The publication of Lord Reading's telegram is dealt with in the United Kingdom article in this number.—EDITOR.

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speech, he is yet capable of the utmost violence in thought. To hear him pouring forth an unemotional torrent of condemnation of the Government of India in which the epithet, Satanic, was most common until it ceased to have any meaning, was a shock as great as to listen to a torrent of blasphemy from a priest or of obscenity from a "flapper." His intellectual equipment is considerable, but not in the least profound; he has made no such contributions to Hindu scholarship as, for instance, the late Bal Gangadhar Tilak, though it is said that General Smuts used to chop metaphysics with him at intervals in the South African troubles. His political ideas can only be described as crudely archaic. They were formulated in the curious medley *Indian Home Rule* published in 1908, embodying views to which he expressed his renewed adherence in 1921. In this volume Mr. Gandhi rejected every form of human advance which distinguishes modern man from the primitive villager. In a tirade against railways, he laid down the doctrine that God set a limit to man's locomotive ambition in the construction of his body: "Man is so made by nature as to require him to restrict his movements as far as his hands and feet will take him." The rule of law he denounced no less than the savagery of deciding disputes by fighting. Doctors he tabooed as encouraging by cures excesses in eating and drinking. "Hospitals are institutions for propagating sin. Men take less care of their bodies and immorality increases." Education is an institution as liable to abuse as use. "What do you propose by giving him (the peasant) a knowledge of letters? Will you add an inch to his happiness? Do you wish to make him discontented with his cottage or his lot?" Machinery is an accursed thing, because "if we set our heart after such things, we would become slaves and lose our moral fibre." Representative institutions are an abomination. "The condition of England at present is pitiable. I pray to God that India may never be in that plight. That which you consider to be the Mother of Parliaments is like a sterile

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woman and a prostitute." There was no physical absurdity to which he would not turn in his propaganda. India is a land of slaves ; therefore let India reduce the number of slaves by a voluntary abstention from procreation. Milk is the natural food of man ; therefore let them abstain from the drinking of tea, which wastes this natural food. Soul force is to be the rule of the world ; therefore let them offer no opposition to the invader and to crimes of violence. The question will at once be asked what Mr. Gandhi offered India in place of railways, law and lawyers, doctors, education on Western lines, machinery and manufacturing industries, and parliamentary government. With all his simplicity Mr. Gandhi is a very shrewd politician. He knew that the moment he put forward any constructive proposal differences of opinion would manifest themselves, so he did nothing more than talk vaguely of *Swaraj*. At the back of his mind, however, he kept the ideal that the highest form of human society is the self-contained village, where each man will live on the produce of his own fields, clothe himself in homespun from cotton grown by himself, and where such little government as was necessary in a community, each member of which was controlled by soul force, would be given by a village council sitting under a banyan tree.

What constituted the amazing appeal which Mr. Gandhi made to his countrymen ? Let us be under no misapprehension as to the universality of that appeal ; for his brief period Mr. Gandhi was the greatest figure India has thrown up in the last century. He returned to India from South Africa a passionate believer in the doctrine of passive resistance as the panacea for all political ills ; so far as he had any political leaning it was a species of vague Tolstoyian philosophy. At the special session of the Indian National Congress in Calcutta in 1920, he was hailed as the patriot saint, and eager worshippers dogged his footsteps to gather the dust from his feet. His first great appeal to India was the rigid simplicity and uprightness of his life and character.

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Most of the earlier Indian politicians loved the good things of this world, and were rather *Bahadurs* in their attitude towards the rank and file. Mr. Gandhi lived in a small hut on the banks of the Sabarmati River, near the town of Ahmedabad. His food consisted of goat's milk and raisins. He invented for himself and his followers a uniform of the humblest description modelled on that of the convicts in gaol—a box cap like that of the carpenter in *Alice in Wonderland*, with a coat and *dhobie* of the coarsest homespun. When his followers complained that this coarse cloth was unbearably hot he bade them reduce the amount of their clothing, and set the example of confining his raiment to a tiny loincloth. To the Hindu mind the highest form of sanctity is still asceticism; Mr. Gandhi's manner of life appealed to their traditional religious instinct. This religious appeal was powerfully fortified by his exaltation of the golden age of the Vedas, which none can identify because it never existed. The Orthodox Hindu, seeing his ancient faith assailed by Christian missionaries, Mahomedan proselytisers, the reform sects anxious to bring the "Untouchables" within their fold, and the democratic tendencies of the day which under the Reform Scheme had placed the Non-Brahmans in charge of the administration in Madras and in positions of influence everywhere, reacted to the man who promised them the re-establishment of their old faith and their old ideals. Next, there was Mr. Gandhi's most flexible eclecticism. The strongest force in India to-day, and for many a year, as has been shown above, is a passionate claim for her self-respect, which millions believe is only possible with full equality amongst the nations of the world. The Indians are not a politically minded people. Place the Indian in power and he is a despot; constitute an Indian Cabinet and it becomes at once a hard and fast bureaucracy. The British Parliament promised India full responsible institutions along the patient and toilsome path of gradual development in self-government; Mr. Gandhi promised India *Swaraj*—the



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Indian not the Western idea of Home Rule—not by laborious stages, but in a year, in six months, in a few weeks. The appeal was irresistible to the young, destitute of political experience and vehemently opposed to restraint. What that *Swaraj* was to be Mr. Gandhi was very careful to refrain from saying; any who dared to indulge in constitution-making were at once cast beyond the pale. The Moslems were sulking in their tents; the treatment of Turkey under the Treaty of Sèvres revealed to their warped subjectivism Britain as the enemy of Islam. Mr. Gandhi outstretched his hand with an endorsement of Moslem claims far transcending that of most Mahomedans. Seventy-one per cent. of the Indian people are dependent on agriculture, and in a land liable to violent seasonal vicissitudes the agriculturalists are necessarily subjected to very lean years; Mr. Gandhi promised them through the *charka*, or spinning-wheel, and the hand-loom, a subsidiary industry which would ensure their prosperity. The great mass of the "Depressed Classes" in India are determined to win the elementary rights of citizenship; Mr. Gandhi denounced the treatment of the "Untouchables" by Orthodox Hinduism, and the "Untouchables" cried *Gandhi-ki-jai* (victory to Gandhi). This flexible eclecticism, grasping every social and economic grievance at a time of general trade depression, was a powerful buttress to a mass movement, which might have waned more speedily if confined to the vague generalities of Mr. Gandhi's three parrot cries—Punjab grievances, Khilafat wrongs, *Swaraj*.

On his return from South Africa Mr. Gandhi first remained aloof from politics, and at the *Asbham* which he established at Sabarmati founded the beginnings of his social work. His first serious intrusion into politics sprang from what is known as the Rowlatt Act. Following the strong recommendations of a Committee presided over by Sir Sidney Rowlatt, the Government of India passed legislation giving the executive special powers to deal with

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anarchical crime. These measures aroused the strongest opposition in a country fearful of arming the police with any special powers, and the Bill was passed through the Legislative Council in the teeth of the opposition of all the non-official members. A small deputation of artful and dangerous men sought Mr. Gandhi's aid, and before he could take counsel with his friends induced him to launch his *satyagraha* campaign, with civil disobedience as its chief weapon. The unanimous verdict of the members of the Hunter Commission is that this campaign was the direct cause of the disturbances in the Punjab and elsewhere in 1919. Mr. Gandhi confessed to an error of Himalayan magnitude, and asserted that if bloodshed occurred in India he would seek refuge in the mountain fastnesses. In this chastened mood he bowed so far to the general sentiment of the country as to express his acceptance of the idea of parliamentary government, which he had so emphatically repudiated in his writings, and at the National Congress of 1919, meeting under the crimson shadow of Amritsar, was largely instrumental in the passage of a resolution pledging support to the working of the Reform Scheme. But the essential negation of his mind speedily revolted from this constructive work, and at the special session of the Congress held at Calcutta in the following September, which he entirely dominated, he committed that organisation to the non-co-operation programme.

There is not a single item in this programme which has not grotesquely failed. Only an insignificant number of titles has been surrendered; outside Bengal, where there are the special education difficulties described in the report of Sir Michael Sadler's Commission, children have not been withdrawn from schools; the National educational institutions, which were to take the place of the Government schools and colleges, are exceedingly inefficient imitations of the official establishments, where they exist at all; lawyers have not withdrawn from practice, and the law courts are cluttered with arrears of work; there is no

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shortage of Government servants, and the new Councils are fully manned. More spectacular success attended later developments. The Gandhi cap and the *khaddar* (home-spun) coat are everywhere in evidence, though the movement is hopeless, for a good worker can earn only twopence a day at the spinning wheel, and the weavers of *khaddar* cloth have to be heavily subsidised from Congress funds. It is claimed that the crore of rupees (£666,666) demanded for the Tilak Memorial Fund were subscribed. But the campaign against education alienated from Mr. Gandhi thousands who might otherwise have given him tacit support, and the avenging power of fact brought dreadful proof of the inevitable fruits of any no-law campaign in a country where the crust between order and anarchy is perilously thin. The serious riots in Malegaon and Dharwar, in the Bombay Presidency, showed only too clearly how the mob would construe optional obedience to the law; the dreadful atrocities on the helpless Hindu population during the Moplah rebellion in Malabar brought home to the whole country the literal manner in which Moslem fanatics would interpret their idea of *Swaraj*. Mr. Gandhi returned from Madras last September a saddened and depressed man. He found that the vigorous and dominant non-Brahmans of that Presidency hate non-co-operation and all its ways. The bonfires of foreign cloth had degenerated into a farce, heaps of rags being covered with a few better articles, often bought from Congress funds. The boycott of liquor shops was largely in the hands of hired bravos. A temporary fillip was given to the movement by the landing of the Prince of Wales, which gave a tangible excuse for a *bartal* all over India. But the disgraceful riots in Bombay, where the "non-violent" non-co-operators set on those who were returning from welcoming the Prince, disgusted everyone. Sadly confessing that the *Swaraj* he had witnessed in Bombay stank in his nostrils, Mr. Gandhi returned to Ahmedabad, abandoning the mass civil disobedience campaign which

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was to have been launched at Bardoli, a *taluka* in the Surat district, where there are a large number of Indians returned from South Africa, and therefore specially sensitive to his influence, and prepared for the Congress session in December, when he knew that a determined effort would be made from Bengal and the Deccan to oust him from his leadership.

Sometimes it would seem as if the stars in their courses fought for Mr. Gandhi. At a time when his political stock was at its lowest ebb it was boomed by the imperative action of the Governments of Bengal, the United Provinces and the Punjab striking at the lawlessness which was paralysing and terrorising the whole community. The very men who were foremost in denouncing the "unseen terror" which accompanied the *bartal* in Calcutta on the day of the Prince's landing were foremost in denouncing the only way of grappling with it—the suppression of organised Congress and Khilafat "volunteers" who were the executive arm of the Congress and the Khilafat Committee. Mr. Gandhi emerged from the Ahmedabad Congress armed with an unqualified dictatorship. But it was really the beginning of the end. His mentality at this time presents an unusually baffling tissue of contradictions. At one moment he seemed to be grappling with issues too big for him ; at another he was evidently suffering from an acute megalomania which betrayed him into using the terms the victor employs to the vanquished. The words "no violence" were always on his lips, but they were punctuated by the expression of desires for a violent death and a whole series of Jhallianwallah Baghs, in his own Province of Gujarat. The one clear issue which emerged from these cloudy pronouncements was evidence that the movement had passed definitely beyond his control. He went to Bardoli to urge the postponement of mass civil disobedience ; the mob he was addressing resolved to proceed immediately with civil disobedience. Appalled by the brutalities of a mob led by Congress Volunteers at Chauri

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Chaura, in the United Provinces, where twenty-two policemen were beaten to death, and yielding to the pressure of the more sober of his friends, he postponed mass civil disobedience and privately declared his failure as a politician and his determination to devote himself to social work. But when his recantation came up for confirmation at a meeting of the All-India Congress Committee at Delhi he was put aside and each Provincial Congress Committee claimed and received full freedom of action. Both at Delhi and afterwards at Ajmere he was vehemently denounced by the Moslems he had misled. His trial and condemnation on his own plea of guilty at Ahmedabad was not so much the *débâcle* of non-co-operation in itself, as placing the seal on a *débâcle* which had already occurred. The sober elements in the country were wearied of the perpetual turmoil and tyranny of non-co-operation and its truculent agents; the lawless elements, who were only making use of Mr. Gandhi, chafed at his incessant changes of policy. Whilst there was and is a sentimental regret at the imprisonment of a man of his high character, and of a man one would like—although it has become increasingly hard—to regard as sincere, there is a general sense of relief at the vindication of the law and the dispelling of the belief, which was becoming dangerously prevalent, that Mr. Gandhi was so far above the law that the Government dared not touch him.

## VI. THE SURGE TOWARDS SELF-GOVERNMENT

THESE signs point definitely towards the decline, at any rate temporarily, of non-co-operation as a political movement. It is barren of achievement, as such nihilism was bound to be. Where it persists it is as the expression of other discontents—the agrarian grievances in the United Provinces and the development of a militant nationalism amongst the Sikhs—rather than as a general

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political creed. The decline of non-co-operation leaves the Governments and the Legislatures, as constituted under the Reform Scheme of 1919, in command of the constructive side of the surge towards self-government which, tentatively advanced by old Congress Leaders like Gokhale and Dadabhai Naoroji, gained such remarkable strength and energy during the war. The working of the Reform Scheme presents two strongly marked features. Elected in the fever of the non-co-operation movement, the Legislatures do not profess to represent in any sense the non-co-operation party. The great error which the non-co-operators committed, and one which establishes Mr. Gandhi's lack of political instinct, was the decision to boycott the Councils. If he and his followers had sought election in 1920, they would have obtained commanding majorities and they could have used that power either to dominate the political machine or to bring it to a standstill. Their abstention filled the Councils with men anxious to work the constitution and whose whole political existence is bound up with the maintenance of the constitution. Now the working of the constitution has shown that it confers even greater powers on the Legislatures than some of the framers anticipated. Though such large powers are reserved to the Governor-General and the Governors in theory, they cannot be exercised extensively in practice, without jeopardising the existence of the whole fabric. The Governments, and in particular the Services, have worked so loyally in the spirit and letter of the Reforms that no such emergency has arisen; the occasions where these exceptional powers have been used are a few cases in the Provinces, where the propriety of the Governor's action was so obvious that it commanded general approval. At the same time it has shown that the Legislatures have so little control over finance that the Governments were marching headlong to bankruptcy. The financial forecasts on which the adjustments between the Government of India and the Provincial Administrations were made have broken



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down. The military expenditure has very largely exceeded the estimates, and the revenues of the Government of India, owing to economic depression and the fall in exchange, have severely declined. The result is that the Government of India, after absorbing all the growing heads of revenue, has failed to balance its Budget. With Rs. 19 crores (£12,666,666) of additional taxation voted last year, it had still to finance a deficit of Rs. 34 crores (£22,666,666), by borrowing. With Rs. 29 crores (£19,333,333) of new taxation asked for this year, it still failed to balance its Budget by a nominal Rs. 2 crores (£1,333,333), which everyone knew was a fictitiously low figure.

The task before the Legislature was one of the greatest difficulty. If it had voted the Budget without enforcing some measure of economy it would have exhausted the resources of taxation, and even raised taxation to a height which would have brought into operation the law of diminishing returns, without establishing financial equilibrium. At the same time it would have hopelessly compromised its position in the constituencies, for some of the new imposts suggested, like the raising of the excise duty on cloth manufactured within the country, are universally hated. This, as well as a proposed increase in the salt tax and a higher duty on machinery, was excluded. In the end the Legislature voted fresh revenues estimated to produce Rs. 20 crores (£13,333,333), and insisted on a five per cent. reduction in the cost of the civil administration—an illogical procedure, perhaps, but the only means of bringing the paramount importance of economy home to the Executive. But even after voting these Rs. 39 crores of fresh taxation and revenue in two years, the Legislature still sees that without further great economies in expenditure there will be a deficit of Rs. 9 crores (£6,000,000) next February, and nobody can suggest any means of covering it save by the vicious means of fresh borrowing. The Provincial Administrations find themselves faced with the rapid reduction of their revenues through the decline in the drinking habit and



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the definite steps taken towards prohibition, whilst they are confronted with heavy expenditure in paying Government servants a living wage, apart from the demand for an increased expenditure on education and public health.

The greatest need in India to-day is economy in the administration, especially in the military charges and expenditure on the Frontier, so as to produce financial equilibrium. The country is anxiously awaiting the constitution of the promised Indian equivalent of the Geddes Committee, which is to explore the whole field of expenditure, including military charges. The alternatives to the existing constitution are a return to bureaucratic despotism, or the establishment of full responsible institutions, either of which is unthinkable; but the present constitution cannot continue to function with perpetually increased taxation at a time of severe economic depression, and perpetually recurring deficits. Thus every experienced observer has come to the conclusion that despite the manifest desire of the Government to work the Reforms in accord with the Legislatures, the confidence of men well affected towards the Imperial connection in the steady advance towards self-government has been weakened. It is imperative that it be restored. The surge towards self-government, whilst regulated in the case of sober men by the desire that it should never be speeded up to the point of sapping the foundations of order, is nevertheless a strong and overmastering creed. Every act of the Government and every decision of the Legislature is scrutinised with the purpose of ascertaining whether it is leading India towards that goal. Especially is this marked in all questions affecting the industrial progress of the country and in preparing it for self-defence when the goal is reached. The political decline of non-co-operation leaves the field open to advanced politicians, who are already marshalling their forces to capture the Councils at the elections of 1923-24. Unless the Government and the Councils can by then show an appreciable diminution in the cost of the administration,

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a genuine programme for the industrial development of India, and some advance towards making her capable of defending herself against attack, the wide political powers committed to the electorates may conceivably be used to produce a constitutional deadlock.

India. April 14, 1922.

## CANADA

### I. CURRENT POLITICS

#### *The New Parliament and its Parties*

AT the ministerial by-elections in January the Mackenzie King Cabinet received its sanction, only one of its members having to face a contest. Mr. Meighen, defeated in December, re-entered Parliament after a fight with a Progressive opponent in an Ontario constituency, and now leads the Opposition. A small political flurry followed the invitation from the Prime Minister to Mr. Charles Stewart, till lately the Liberal Prime Minister of Alberta, to enter the Cabinet ; for Mr. H. W. Wood, President of the United Farmers of Alberta, whose electoral machine had shown its strength by defeating Mr. Stewart's provincial ministry last July and by capturing all of the twelve Alberta seats in the Dominion House in December, announced that there was no Judas among Alberta's apostles of progress ; and Mr. Stewart had to find a seat in Quebec. This raises the Quebec membership to seven in a Cabinet of nineteen, but Mr. King has been able, at least nominally, to conform to the Canadian usage whereby each province is represented in the Dominion ministry. The practice has obvious disadvantages. Political "availability," in the American sense, becomes more important than ability, and a parochialism of political education and outlook is sometimes the result ; but in a country of area so extensive, and of interests, habits, and temperament so diverse, some representation of local-

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ties is probably necessary if a ministry is to reflect the opinion of the whole country ; and the practice is unlikely to be departed from before opinion is a good deal more homogeneous than it is at present.

Mr. King has slightly reduced the total number of paid ministers, which was increased in the arrangement of places in the war coalition, by taking an extra portfolio himself and bringing two others under one of his colleagues. If ever the number were to be much increased it might be possible to allot the lesser ministerial posts on a territorial basis and to seek suitable holders of the more important cabinet positions among the ablest men of the country at large. The Cabinet—for in Canada the Cabinet and ministry are usually co-extensive, and at present identical—is of unwieldy size for decisive purposes ; but there is no prospect of any early change in number or basis of construction.

As was said in the last number of *THE ROUND TABLE*,\* many non-partisan Canadians, from a desire to see a Government stably supported, regretted the failure of the negotiations between Mr. King and Mr. Crerar ; for the result has been a Government whose supporters are in a minority of one in the House of Commons and form but a third of the Senate. The possible basis of junction, the failure to reach one, and the resulting effect on the attitude and action of the Progressives, aroused a good deal of interest, as being likely to indicate the policy of the Government and the measures it will produce. In the first day's debate on the Address references were made to the negotiations, but little really new light was thrown either on their basis or the reasons for their rupture. Apparently no record of definite terms was kept by either party, and Mr. Meighen's request that the House should be more fully informed produced only an unsatisfactory conflict of statements. Mr. King, who during the election campaign had energetically denounced coalitions, repeated substantially what he had told his constituents when he went back for

\* *ROUND TABLE*, No. 46, March, 1922, p. 391.

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re-election : that he regarded the Progressives as a wing of the Liberal forces and had been ready to include Progressive leaders in the new Government, but that he had made it quite plain that they would have to become, and to consider themselves, members of a Liberal administration. Mr. Crerar, who had denounced both the old parties during the election campaign, said that his understanding was quite the reverse of this : that the negotiations took place on the basis of the policy and personnel of the new Government ; that he would be prepared to co-operate on definite lines of principle and policy with a Government, whether led by Mr. King or Mr. Meighen, which was meeting the country's needs ; and that, as nothing had come of the negotiations for co-operation between the Progressive and Liberal parties, the former was in the House as an independent party, not ready to oppose for the sake of opposing, but ready to give support to the Government in carrying out policies for which the Progressives stood. This is all the country has been told, though perhaps less than it surmises ; whether Mr. King receded from an advanced but exposed position because he feared the loss of a strong body of Quebec supporters, led by Sir Lomer Gouin, who are more attached to the present financial and industrial interests of Eastern Canada and the protective system under which they have grown than they are to Progressive doctrine, is for the historian to tell. The character of the Government and House of Commons has an element of uncertainty which makes the *mise-en-scène* extremely interesting from the point of view of both policy and parliamentary tactics.

The characteristic feature of Canadian national politics since confederation has been the existence of two well-defined and well-disciplined parties, and the stability and longevity of Governments. One must go back to the period between 1841 and 1867 for any analogy to the present House of Commons ; and it is but a poor analogy, for the groups of that period were formed on quite different principles, and the early mortality of administrations was

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the result of quite different conditions. The Progressive party is the fruition and extension of the agrarian movement, which has been described in earlier numbers of *THE ROUND TABLE*. It arose to voice the economic demands of a class ; but it became a revolt from the two old parties, and, though the majority of its members are agriculturalists, it drew to it the support of many who are not farmers. In Dominion politics it is supreme between the Great Lakes and the Rocky Mountains ; it includes one-third of the members from Ontario ; though there are differences of view on tariff matters, it is supported by several members from British Columbia ; and it returned one member from New Brunswick. Though it acts as a unit generally, the party tie is loose. Mr. Crerar is nominally its leader ; but there is a good deal of independence of thought, and already differences of view have resulted in its members voting on opposite sides in parliamentary divisions. This, if it has advantages, may give rise to doubts as to the permanence of the party ; but it is too soon to hazard any confident opinion. Its strength varies in different provinces. Its organisation in Alberta is strongest and most stable. In Saskatchewan it is vigorous, but less thoroughly organised. In Manitoba it is said to have a weak organisation, which will be tested at the elections in that province in June next. The provincial Government which it placed in office in Ontario in 1919 has always been supported by a minority of the legislature, and it is doubtful if it is as strong as it was. Some supporters from British Columbia are definitely allied with the party ; others, elected as independents, generally act with it. In Quebec it has made little or no headway, and in the maritime provinces any strength it has is confined to a few constituencies.

The Alberta members probably largely share the ideas of economic group government preached by Mr. H. W. Wood, a political philosopher, the success of whose organisation has shown his practical sagacity ; but it is doubtful if even a majority of the whole party are committed to this

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line of thought. It is held by the two Labour representatives from Calgary and Winnipeg, who act generally with the Progressives, but whose more advanced views cause a certain amount of apprehension. The fissiparous possibilities of the party are obvious. Its foundation, largely economic, is a protest against the policies and methods of the two old parties, but the protest has not always identical sources, and does not always contemplate identical ends. So far as it has its roots in agrarian discontent, it is a protest against the policy of past Governments, which, it is claimed, have coddled the industrial and financial interests, and neglected and depressed the economic existence of the majority of the citizens of the country. As these industrial and financial interests are massed in the East, it is natural that the Progressive party should be more vigorous and comprehensive in the agricultural West. In the West the predominating economic interest generally carries opinion in the less extensive urban constituencies along with that of the larger rural population. In the East the vigorous industrial growth has inclined to draw rural opinion along with the urban. Hence, the Progressive movement, so far as it has an agricultural basis, has shown less evidence of vigour and permanence in the East than in the West. The whole future of the movement is consequently obscure ; but it can be credited with one definite accomplishment and denied one apprehended aim. It has created one condition essential to intelligent democratic government : it has aroused among its adherents a real interest in politics. The discussions of political problems in the local units of its organisation are frequent, popular, and intelligent ; and the possibility of political improvement and progress no longer provokes expressions of disinterest, disillusionment, or cynicism. Any fear that it was a revolutionary organisation, if it ever existed, has been dissolved. Its leaders, parliamentary representatives, and rank and file are really a conservative propertied class ; and there are few poorer sources of revolutionary recruits than a yeomanry.



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The two old parties suffer from that difficulty of definition which has characterised them throughout their history. Their names, Liberal and Conservative, were always designations of indefinite and confused connotation, and their principles and policies are always, perhaps necessarily, the result of the counsels of opportunism. Even their professions might have been exchanged without inconvenience. In turn, each has been supported by interests which have been the bane of Canadian political morality. The *Montreal Gazette*, the oldest Canadian newspaper, which formerly supported the Conservatives, ascribed that party's defeat to the passage of legislation of a socialistic tendency. That the paper is now disposed to favour the present Liberal Government, and that more than half the parliamentary supporters of the administration come from the essentially Conservative province of Quebec, may be evidence that the Government is really a Conservative one. Mr. Irvine, the Labour member for Calgary, supported his thesis of the validity of economic group government under the British system by designating the present administration and its supporters as the representatives of the great financial and industrial interests, and the Opposition, led by Mr. Meighen, as the "politically unemployed." The truth has been that, with the sectionalism of opinion due to geographic, economic, racial, and religious divergencies, the division of parties has not been the result of nation-wide difference of political opinion, and that the party names have been really meaningless. Whether the advent of a new party, whose own name may have misleading implications, is likely to result in a truer expression of political opinion by political parties is a question which time only can answer.

The pressing national problems, like those in all countries, are economic, and they arise, apart from the dislocation produced by the war, from the difficulty of treating a growing, largely undeveloped country, of enormous extent and great variety of conditions, as an economic unit. Hereto-

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fore the economic development and the increase of wealth have been so rapid that it has been possible largely to ignore the varying sectional results of economic policy ; but as it is now probable that progress, while steady, will be less rapid than formerly, the effect of economic policy on different sections, and the reactions of one upon another, will have to be more carefully considered. Mutual recrimination has been heard. The agricultural West complains that it is suffering economically from the results of policies which have been directed towards building up the more industrialised East ; the East replies that it has largely borne the cost of colonising and developing the newer West. The rapid increase of the proportion of urban to rural population throughout the whole country raises a division which cuts across the economic diversity produced by geography. The whole problem is one of vast complexity.

### *The Railways*

With the Government in a minority in the House of Commons, and depending for its existence on the support or at any rate the neutrality of so loose a party as the Progressives, and with the solidarity of its own Liberal supporters uncertain and untested by any important division, it is not remarkable that Parliament has been slow to get under way, that declarations of policy have been few and inconclusive, and that the Government has shown itself very sensitive to the opinion of the House.

Perhaps the most important announcement has been the statement made by the Minister of Railways on the day of the Easter adjournment about the progress of the Government-owned roads last year. When the Meighen administration left office the Government held control of the stock and possession of the property of railways which comprise 22,000 miles, or 52 per cent. of the total railway mileage of Canada, and include what were formerly the Canadian Northern Railway, the Grand Trunk Pacific Railway, the

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National Transcontinental Railway, the Intercolonial Railway, the Prince Edward Island Railway, and the (parent) Grand Trunk Railway, with their subsidiary companies. Of these railways, control and operation of all but the last had, before May, 1921, been transferred to the board of directors of the Canadian National Railways appointed by the Government. The control and operation of the Grand Trunk Railway was, in that month, transferred from the directors of the Grand Trunk to a board on which certain of them were continued for the purpose of giving them facilities to complete the arbitration of the value of the stock, but the majority of which, including the Chairman, Sir Joseph Flavelle, were Government appointees. This board was intended to act until the unification of the Grand Trunk with the other Government-owned roads could be completed, when the control and operation of them all was to be assumed by the board of directors of the Canadian National Railways. Unification has not yet been completed, but the Minister of Railways announced the intention of the present Government to carry out this policy of its predecessors, with a measure of decentralised control in regional districts. This, apart from other virtues it may possess, will go some distance to meet the demands of certain of the electorate of the maritime provinces and their representatives, that the Intercolonial Railway, which was built in fulfilment of a condition made by these provinces upon their entry into the Confederation, should be returned to local—some have even demanded the former unsatisfactory and unprofitable political—control. Government ownership is, the Minister announced, to be given a fair trial.

The main interest of the report is, of course, on its financial side; for the enormous and increasing deficits of the two years preceding the last had aroused much misgiving, and the acute economic depression and resulting decrease of traffic of last year produced a feeling of apprehension, which the report, happily, is likely to quiet in some measure.

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As the Grand Trunk Railway only came under Government control in May, 1921, and as this system has not yet been consolidated with the other Government properties, and is still operated by a separate board, the net result of the finances of all the Government roads is difficult to summarise, but the following statements show the deficits on the two systems for the last two years, and throw some new light on the award of the arbitrators of the value of the Grand Trunk stock ; for it will be seen that the gain made by the roads now included in the national system is almost offset by the increased deficit on the Grand Trunk, which has not yet been included in it :

### *Canadian National Railway System*

	1920	1921
	\$	\$
Net deficit (apart from fixed charges) .. ..	34,310,815.58	15,896,018.62
Fixed charges .. ..	33,194,243.96	40,777,915.60
	<hr/>	<hr/>
Net deficit .. ..	67,505,059.54	56,673,934.22

### *Grand Trunk Railway System*

	1920	1921
	\$	\$
Net income (before deducting fixed charges) .. ..	7,498,393.30	3,573,284.34
Fixed charges .. ..	14,025,637.07	19,245,583.68
	<hr/>	<hr/>
Net deficit .. ..	6,527,243.77	15,672,299.34

The railway estimates show that the actual cash which is required for operating deficits, interest charges to the public, and betterments, for the present year, is \$84,955,552 as against \$119,078,392 last year.

### *Finance and Taxation*

The estimates for the present fiscal year have been tabled, and amount to \$582,000,000, as compared with \$613,000,000 for last year. There are decreases of expenditure on some services and increases on others ; the administration of

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naval, military, and air defence has been consolidated in a single department of National Defence, and last year's expenditure on all three services reduced by about four per cent.; there has been a reduction of capital expenditure on railways, and the estimate for demobilisation has been reduced a good deal; but there cannot be said to have been any considerable general reduction, as the total shows. The economic depression of the past year considerably reduced the estimated revenue from last year's budget, and the present year's, which will not be disclosed till later, is awaited with interest. No forecast of its contents has been made. The Progressives are insistent upon reduction of the customs tariff, and dislike the sales tax; but, as a huge sum has to be raised, they may, as a result of the depressed condition of industry, be inclined not to press their views this session as energetically as they otherwise might, provided the Government gives earnest of its willingness to meet their views when economic conditions improve.

The whole system of Canadian taxation, Dominion, provincial and municipal, requires overhauling. As it has been estimated to take annually from the pockets of the people, under all three jurisdictions, but 15 per cent. of the national income, it is possibly not excessive in its general burden; but it is faulty in incidence; there is much overlapping by different jurisdictions; and a conference of experts might do much to improve it. Constitutionally, Parliament is empowered to raise money by any system of taxation, and the provinces are restricted to direct taxation; but this division is inadequate. Formerly the Dominion relied chiefly on customs and excise revenue, but these sources produce a much smaller proportion of the required national revenue than formerly, and the principle of customs duties, so far as it is protective, is now challenged by a large and vocal part of the whole population. The Dominion has entered the field of direct taxation by imposing an income tax, a form of taxation also imposed by muni-

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palities, and even suggested as a source of provincial revenue by the province of Manitoba ; the consequence may be that a resident taxpayer will be subject to income taxes under three jurisdictions. The field of inheritance taxes has been left to the provinces, and here, at least, there is no duplication ; but the result of conflicting jurisdictions over an estate in more than one province is an argument for this field being a Dominion preserve. At all events, even if questions have to be settled on practical grounds rather than on those of principle, there should be conference and agreement upon a scheme which would be more even in incidence, cheaper in administration, and more productive in results than the present chaotic arrangement.

A radical budget, however, and a drastic re-arrangement of taxation are not to be expected this session. The issues involved would be too contentious for the Government to face at present. The question of railway freight rates and of the reconstitution of the Canada Wheat Board are likely to prove sufficiently dangerous for one session. On both matters the Progressives appear to have made up their mind, and their attitude is hardly likely to prove welcome to the strong individualistic wing of the Liberal party. But consideration of these questions had better be deferred to the next number of *THE ROUND TABLE*, when the situation in regard to them will have cleared.

### II. THE ECONOMIC SITUATION

THE problem which faces Mr. Fielding on his return to office as Minister of Finance is exceedingly difficult. He must find a sum almost equal to last year's for the expenses of ordinary administration and for the interest on debt ; he must meet a smaller, but still a very burdensome, railway deficit ; and the national revenue will certainly be far from the amount required. Further, \$195,000,000 of Victory Loan matures in November, and arrangements will have to be made for refunding it ; and there is an additional



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unfunded debt of \$150,000,000 owing to the banks by the Government, which the banks at present, with trade depressed, are well enough able to carry, but for which new arrangements ought soon to be made.

Two questions call for Mr. Fielding's decision: first, how much of his total requirements he should attempt to raise by taxation and how much by borrowing, and, secondly, where the borrowing should be done.

As to the first, the consensus of informed opinion seems to be that the limit of taxing power has been almost, if not quite, reached, and that for some years to come our national expenditure must be met in part by further borrowing. It is argued that any attempt to impose additional taxation would merely have the effect of further handicapping trade and industry by increased costs. Moreover, it is not considered that there is any lack of wisdom or propriety in resorting to loans at the present time. The national deficits will be chiefly, if not wholly, made up of railway deficits, and these, with the filling up of the open spaces in Canada, should before long give place to a surplus which will eventually take care of the loans contracted in the meantime. Sir Clifford Sifton, who speaks with authority, estimates that with 500,000 new settlers on the land our railways should carry themselves.

The second question is, where is the borrowing to be done? With the easier money conditions it is probable that the \$195,000,000 of maturing loan could be reabsorbed in Canada at a rate no higher than the present and with the advantages that interest would be paid at home and that bonds free of income tax would be replaced by others not so privileged. Possibly an additional amount could be borrowed as well. It may, however, be doubted whether this would be wise. Too much borrowing at home may be almost as bad as too much taxation. It may strip the market of money which would otherwise have been available for the development of business, thus retarding that development; and there is considerable support for the



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view that the Finance Minister would do well to raise a substantial amount abroad. Foreign borrowing could now most readily be done in the United States, either by a direct Government loan or by the sale of Government railway securities guaranteed by the Government itself, since this type of security is popular in the United States.

Such in brief is the Finance Minister's problem ; the solution which he offers should have been made public before this article is in print.

In considering general business conditions we find the situation substantially different in each section of the country. In British Columbia conditions have been quite good in fishing and lumbering, though the mining industry has been depressed. The demand for lumber from China and Japan has been responsible for a very considerable activity in that business. At the present time, however, the oriental demand is slackening and shippers are looking for new markets.

In the prairie provinces the indifferent result of the 1921 crop, due to excessive rains during harvest, combined with a sudden drop in the price of wheat, high railway rates, and high prices of manufactured commodities, has borne heavily on those farmers who did not use the prosperous years of war prices to prepare against a rainy day, still more a rainy season. At the same time, however, interest collections by the Loan Companies have been much better than they anticipated and more principal has been repaid than they expected in the autumn. It is also probable that the sharp lesson of 1921 will induce the farmers of Western Canada to resume mixed farming ; they had made considerable progress in this direction by 1913, but they largely discontinued mixed farming during the war on account of the high price of wheat.

Nevertheless, the position of the western farmer raises a problem which all thoughtful men in the country desire the Government to face. The western farmer rebels against the fact that his produce, especially wheat, is being sold

## The Economic Situation

for the most part in a world-wide unprotected market,\* while he buys in a national protected market. He has seen his selling price come rapidly down towards the pre-war level, while railway rates are up 50 per cent., and the cost of nearly all his supplies is far higher than in 1914. His natural inclination is, of course, to demand a reduction in the tariff, though he realises that the tariff, however unpopular, provides two-fifths of the national revenue and cannot be ruthlessly swept away. He accordingly admits the necessity of a tariff for revenue, but of course the task of delimiting the boundaries between a revenue tariff and protection is very difficult. With the strong influence of Quebec in the present Government, he has little expectation of drastic changes in the duties.

Although manufacturing is becoming an important element in the prairie provinces it is relatively far less important than agriculture. What manufactures there are have been depressed, and the mining industry (mainly coal) has also been in an unsatisfactory state.

In Ontario the farmers had a crop below the average, and they also suffered from the low price of their products. They are, however, less dependent on world prices than their brothers in the West, as mixed farming is the rule and not the exception and much of the produce is sold in the home market. The Ontario manufacturer has had a bad year and has in many cases suffered heavy losses. Several important trades, such as the agricultural implement and furniture trades, have been nearly closed down, and steel concerns have felt the depression which has affected the industry all over North America. The mining industry is in a state of coma, with the exception of gold mining, which has recently experienced a great stimulus. The building activity which has come with spring should have a beneficial effect upon the price of building materials and should also stimulate general manufacturing.

\* The British market, which absorbs the bulk of Canadian wheat, is, of course, open to world-wide competition.

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Quebec seems in a happier position than Ontario. First, her 1921 harvest was better than in Ontario and the West. Secondly, labour in Quebec is not so highly organised as in Ontario and reductions in wages have been more readily accepted, with the result that manufacturing costs are approaching the 1914 level; manufacturers in Quebec, therefore, have been in a better position to secure contracts. Thirdly, though large distributors of goods in Quebec have found trade dull—more so than in Ontario—Quebec is the centre of the pulp and paper industry, and this continues to find a good market in the United States; the textile industry, an important factor in Quebec, is also doing fairly well.

Conditions in the maritime provinces are rather depressed. The fishing industry has been good, though it is not by itself sufficient to make up for the slackness in steel, coal, and lumber. However, the inhabitants of the maritime provinces are conservative by nature and their commitments are not heavy enough to cause them any real anxiety for the future.

In spite of the great shrinkage in values, the banks and other financial institutions have come through the ordeal of 1920-1921 on the whole with flying colours. The Merchants' Bank is the only one which has got into difficulties, and its troubles were due apparently not to any inherent weakness in the situation but to errors of judgment on the part of its responsible officials. Trust, loan, and insurance companies have generally come through well; and though some brokerage houses have failed, the effect of this on the general community has been small. Bank deposits and loans have decreased, but not to any very marked extent, probably not more than could be accounted for by the drop in prices. The fall in prices has been responsible for the failure of some commercial and manufacturing concerns, and not unnaturally there have been more failures in 1921 than in 1920, but, broadly speaking, the banks have been able to carry over those enterprises which were sound and

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deserved their assistance. They have been better able to do this than the banks in many other belligerent countries because the investing public took up the war loans, and the banks were not obliged to carry a large amount of Government securities.

Those who are best informed do not anticipate a rapid improvement in business. In a country where half the population derives its living directly from agriculture, prosperity depends on good crops and good prices. On the law of averages, the West, which has had several poor crops, should have a good one this year. The ground has been more thoroughly saturated than for many years during the autumn and winter, and those best qualified to predict anticipate that this year's crop will be good. If this should be so, and if the present world prices of wheat continue, the influence on Canadian prosperity—both East and West—would be very marked.

A substantial number of settlers on the land would, of course, improve the situation, and the question of immigration is attracting much attention. Sir Clifford Sifton, during whose administration as Minister of the Interior under Sir Wilfrid Laurier the real influx of settlers into Canada began, has been strongly urging the necessity of bringing in settlers who will go on the land—conversely, he has been protesting against allowing in settlers who will not go on the land—and he has pointed out that there are still huge tracts of land available for those who by character and training are able to live the life of pioneers in a northern latitude. He urges with great force that the immigrants should be carefully selected and that the country should seek quality rather than quantity. He estimates that if 500,000 farmers are placed in the West in the next ten years, the influx will be as rapid as it would be wise to aim at; allowing four to a family, this would give two million settlers.

While manufacturers think, and probably rightly, that the bottom has been reached, they are loath to prophesy

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any rapid improvement. Canada usually follows about three months after the United States, both in depression and recovery. This was the case in the present depression, and, if this law holds, an immediate recovery is hardly to be expected, because, in spite of repeated optimistic statements, the United States can hardly be considered to have made much progress as yet towards better times. It seems the part of wisdom not to look for a rapid improvement of conditions but rather for a continuation of the process of shaking out weak enterprises and for a substantial improvement in those solidly based. It is difficult to see how the conditions of the boom times from 1903 to 1912 can now be repeated, and how there can be ahead of us a similar period of rapid construction, bringing vast sums of money into the country, stimulating business and increasing land and other values. The expansion then was largely due to the construction of new enterprises, mainly railways, but now there is a sufficient railway mileage to take care of a very much larger population than we have.

It will be by no means an unmixed evil if progress is gradual. The rapid development of 1903-1912 was not free from certain inherent weaknesses caused by inflation and speculation. A period of steady growth which will force farmer and manufacturer alike to organise their production on such a sure basis that it will be economically sound in normal times and not merely in boom times will be a blessing to the country in the end.

Canada. April 19, 1922.

## SOUTH AFRICA

### I. THE STRIKE

**I**N the last number of *THE ROUND TABLE*\* the story of the strike on the Rand and in the coal mines of the Transvaal was brought to the stage when the Conference, which sat in Johannesburg under the chairmanship of Mr. Justice Curlewis, broke down. Never during its sittings, which occupied thirteen days, did it approach a settlement of the problems before it, except on the point at issue in the engineering shops, which it was agreed should be referred to arbitration. This failure may largely be attributed to the fact that a verbatim record of its proceedings was taken, which made it difficult for either side to make admissions or to search for solutions.

The breakdown of the Conference was followed by several abortive attempts at a settlement. On January 27 General Smuts addressed a letter to the Federation, in which, after reviewing the history of the dispute, he pointed out that the gains from it to date were *nil*, and that the issue was not the colour bar, but the saving of the low-grade mines. He then offered the services of the Government, if approached by either side, to explore any avenue for a settlement. This invitation was followed on January 29 by the Chamber of Mines making the following proposal:—

That the average ratio of Europeans to natives on the gold mines be fixed for a period of two years at not less than 1 European to

\* *ROUND TABLE*, No. 46, March 1922, p. 439.

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10·5 natives, this figure to be calculated over each calendar year, the industry being under a definite obligation to the Government that the ratio be adhered to. Within the limits of this ratio the industry shall be entitled to make such rearrangements of its work as it thinks fit, including the right to dispense with employees whom it does not require, but subject always to the mining regulations, and to existing agreements as to hours and basic rates.

In the past the ratio of Europeans to natives has on some mines been as high as 17·1, and on others as low as 8·3. Nevertheless, the adoption of a ratio of 10·5 means the eventual elimination of approximately 4,212 white workers. The Federation therefore refused this proposal and expressed the opinion

that a ratio progressively favourable to the white race (until the population ratio\* is reached) should be established by law for every industry except agriculture, and that all new industries or mines opening up from now should do so only on a population ratio basis.

This principle of a ratio, which has thus been introduced as an addition to the colour bar, is a new development in the evolution of the problem. Probably in future controversy will rage more around it than around the colour bar, for the latter protects the skilled white worker only, whereas the higher the ratio of white to coloured the more unskilled or semi-skilled whites must be employed. Applied to the mining industries, a population ratio would be entirely fatal. Very few mines of any description could be worked profitably on such a basis. But as regards other industries, the most recent returns indicate that the strict enforcement of a population ratio at the present time might act detrimentally to the whites. Thus in the Cape Province the percentage of whites to coloured employed in manufacturing industries (including building) is 39. In the Transvaal it is 40. The most remarkable result is shown in metal, engineering, machinery and cutlery works, in which the percentage in the Cape is 63, and in the Transvaal

\* Such a ratio would be about 1 to 4·5.



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50. These figures prove that in the industries in question not only is the population ratio more than maintained by the white man, but also that in the Cape, where there is no legal or customary colour bar, the white man, at all events at present, has no difficulty in holding his own.

The Chamber of Mines could not, of course, accept the population ratio ; but on February 6 they offered to forgo the retrenchment of 1,000 white men on the higher-grade mines, out of the total of 2,000 on all the mines, who would fall to be retrenched if the *status quo* agreement were abrogated, until the whole question could be discussed by an impartial Government Commission. This offer the Federation also refused.

In the meantime the Federation had accepted General Smuts' offer of the Government's services, and appointed five delegates to interview him at Pretoria on February 4. At this conference the Prime Minister proposed that all men should return to work on the best terms they could secure, such terms to be subject to modification and readjustment in the final settlement, which was to be arrived at by the appointment of an impartial board of enquiry, whose report would be submitted to Parliament, the Government undertaking to give effect to it if Parliament approved. But the Federation would agree to nothing less than a resumption of work on pre-strike conditions. They were willing that an impartial board should inquire into the subjects of the dispute, but made an exception as regards the *status quo* agreement, which they demanded should remain in force unless the board made recommendations providing for more adequate protection of white workers in the industry. These counter proposals General Smuts could not, of course, accept, as they offered no solution of the problem of the low-grade mine. The week following, on February 11, he issued a statement in which, after referring to the Government's efforts at first to prevent the strike and then to settle it, he declared that unless work was resumed immediately the loss to the workers through

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unemployment must inevitably be far greater than the sacrifices they were originally called upon to make in order to save the low-grade mines. Under such circumstances victory became meaningless, and the only course open was to end the strike without delay. He declared, therefore, that it was useless to waste further time in trying to find satisfactory terms of settlement, and that the final settlement must be left to Parliament after an impartial enquiry had been held. Finally he appealed to the Federation to call off the strike on the basis of the Chamber of Mines' letter of January 29, plus their concession of February 6; and to the mine-owners to restart the mines, and he promised police protection to all miners who returned to work.

Accordingly on Monday, February 13, all the mines were reopened, but the response of the men was at first rather meagre. Apart from their natural dread of being classed as "scabs," this backwardness in returning to work was, no doubt, due in part to the opinion conscientiously held by many of the moderate men that the fight was in very truth a fight for a white South Africa; but probably in a greater degree to the activities of the commandos (the name given to bands of strikers and others which spent their time in drilling and marching about the streets), which had by now risen into prominence.

After the breakdown of the Johannesburg Conference on January 27, the dispute assumed a more political character. On January 30 the Federation issued the following communiqué:—

1. That in the opinion of the Augmented Executive of the South African Industrial Federation and the Joint Executives of all unions concerned in the present disputes the attitude of the Prime Minister indicates that the Government is backing the present attack by the employers on the white workers, both in reducing their standard of living and curtailing their opportunity of employment. We therefore request the workers and also all sympathisers to take the necessary steps in conjunction with ourselves to defeat the present Government and substitute one calculated to protect the interests of the white race in South Africa. That with this end in view a conference

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be arranged at once with representatives of the Opposition parties in Parliament to investigate what immediate steps can be taken to remedy the present situation, and that invitations be extended to all bodies which can and are desirous of assisting to come and offer their services for the foregoing objects.

2. That all strike committees are instructed to take any necessary steps they may deem fit to stop all scabs continuing to work, and from now onwards they have full powers to do anything they desire to bring the present strike to a successful issue.

The invitation contained in the first paragraph was quickly taken up by the Nationalists, more especially by Mr. Tielman Roos, the leader of that party in the Transvaal. They became increasingly involved in the strike. For some years they had formed the majority of the Mine Workers' Union, whose secretary was a member of their party. They kept the strike going by supplying food contributed by their farmer supporters. They encouraged the strikers by declaring on every possible occasion that the country was behind them, and that an infamous alliance existed between the Government and the Chamber of Mines, thus prejudicing in advance any attempt by the Government to bring about a settlement. They formed the majority in the ranks of the commandos, and with very few exceptions provided the commanding officers.

The idea of holding a conference was translated into action by Mr. Roos, who invited members of Parliament to attend an informal meeting at Pretoria on February 6. The keenness of the rank and file, however, somewhat outran the discretion of the Nationalist leader, for on February 5, at a mass meeting held at the Johannesburg Town Hall, they set the pace by passing a resolution :—

That this mass meeting of citizens is of opinion that the time has arrived when the domination of the Chamber of Mines and other financiers should cease, and to that end we ask the members of Parliament assembled in Pretoria to-morrow to proclaim a South African Republic and to form a provisional Government for this country.

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When the "Parliament" (consisting of Transvaal Nationalist and Labour members) met on the following day the Labour members who presented this resolution had a distinctly chilling reception from their Nationalist colleagues, and the assembly confined itself to repudiating any idea of pursuing such a revolutionary course, and broke up without accomplishing anything except providing a very welcome comic relief. Nevertheless the close co-operation between the Labour Party and the Nationalists to defeat the Government still persists, and is the most important political result of the disturbance.

The effect of the second paragraph of the Federation's communiqué of January 30 was equally far reaching. It was a call to local strike committees to take more active steps in prosecuting the war. The instrument for doing so was provided by the commandos. This organisation of the strikers and those who sympathised with them into military commandos, which employed themselves in intimidating "scabs," was one of those developments which emerge by a kind of spontaneous generation out of a crisis. They were defended by the constitutional section of the Labour leaders on the grounds that they were intended to keep the strikers occupied and in good condition, and that they would help to preserve law and order. The suggestion was even made that that fundamental duty should be entrusted to them. Mr. Boydell, the Parliamentary leader of the Labour Party, welcomed them as a new development in industrial disputes, and prophesied that the example would be followed in other countries. Naturally their effect was to arouse military ardour, and when the revolutionaries got control the commandos provided them with a ready-made army. They held meetings daily in the Johannesburg Town Hall and along the Reef, and passed resolutions, sometimes demanding a republic, and at others a general strike, and were at all times a very disturbing element in the situation. Nevertheless, during the second half of February the situation, mainly owing to the farcical

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republican resolution of the 5th, steadily improved. The position on the coal mines was satisfactory, and the number of men returning to work on the mines showed a progressive increase. Most people were of the opinion that the strike was fizzling out, and that it was only kept going in the vain hope that the meeting of Parliament might result in the defeat of the Government on the colour question. The fact that this problem is an embarrassing one for all parties was the only justification for this hope, and it therefore became a matter of urgency to debate the strike in Parliament and take a vote on it. The debate began on February 22, on a motion proposed by General Hertzog, and was only brought to an end by an all-night sitting, which lasted till 9.30 a.m. on February 28. General Hertzog's motion, of which the inordinate length precludes quotation in full, opened with a declaration that in the interests of the country no change should be made in any law, custom or agreement by which the sphere of employment of Europeans might be curtailed in favour of native labour, and instructed the Government to take legislative action to prevent any such curtailment. It then proposed the appointment of a Select Committee, which, after both sides to the dispute had notified their willingness to resume work, was to report within seven days the terms and conditions of such resumption. These terms, however, were only to be provisional until a Commission, also appointed by the Select Committee, had had time to inquire into the whole matter and fix final terms of settlement. This motion could not, of course, be accepted owing to its strict adherence to the *status quo* agreement, and the Government's attitude was made clear by an amendment in the following terms :—

This House resolves that it is in the best interests of the country and the men on strike on the Witwatersrand that the latter should follow the advice of the Prime Minister and return to work immediately on the best terms obtainable at the moment pending an enquiry by an impartial board to be appointed by the Government.

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This House is of opinion that the board should deal with the issues raised by the strike and consider what changes are required in the conditions and organisation of the gold mining industry so as to enable that industry to carry on its business on a sound economic basis and to afford, under proper conditions, employment to as large a proportion as possible of the community which is at present dependent on it ; and that the findings of the board be laid before Parliament as early as possible this session for consideration and such action as may be necessary.

This amendment was carried by 69 votes to 55. Meanwhile, because men were returning to work in fairly satisfactory numbers, the violence of the commandos increased. "Scab" hunting became their daily occupation, and several indescribable outrages were committed. The Government was obliged, therefore, to take greater cognisance of their activities, and on February 22 issued the following notice :—

Whereas it has come to the notice of the authorities that gatherings styled commandos are utilised for the purpose of interfering with people who are lawfully proceeding to, returning from, and engaged on their work, now therefore it is notified for general information that gatherings such as commandos, or gatherings of smaller bodies of persons for unlawful purposes, such as interfering with men who have returned or wish to return to work, or with their households, or attempts to damage any mine or other property, are unlawful assemblies under Common Law, and will be dispersed by the police.

Five days afterwards the first encounter between the police and a commando took place. Early in the morning of February 27 two troops of police came in contact with the Edenvale and Driefontein Commandos at Boksburg, and on their showing fight, the police charged with batons. A hand-to-hand scuffle ensued, and the Government forces captured 27 prisoners. On the day following the Boksburg Commando determined, so it is alleged, to release these 27 men. On their way they were met by the police under Captain Fulford, and when requested to disperse, stones were thrown, and a shot was fired by a striker from a neighbouring tree. The police were compelled to reply,



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and three strikers were killed\*—one by a bayonet thrust. This was the first blood shed.

The discomfort suffered by the citizens of Johannesburg during these disturbing times was further accentuated by trouble which arose at the Municipal Power Station. After the coal miners came out on strike on January 2 the coal mines had continued to produce coal by means of the mine officials and the natives. But coal thus produced was at once declared "scab" coal so far as the Johannesburg Municipal Power Station was concerned, though its use by the railways, by other municipalities and by the strike leaders themselves in their own homes was not interfered with. The logic of this decision is difficult to understand, but it may be explained by the fact that the Johannesburg Municipal Power Station, having been the centre of the extreme industrial movement for some years, was too important a strategic position to be left untouched in a strike of such magnitude.

At first the municipality were able to keep their services going by buying odd consignments of coal from various sources, which were passed as "clean" by the Federation. Eventually, however, these supplies became exhausted, and so the Town Council decided to brave the disapproval of the Federation and to use "scab" coal after February 27. A strike of the Power Station staff followed. But preparations had been made to run the engines for lighting purposes only by a volunteer staff provided by the technical and scientific institutions, and these were carried out, under police protection, after two nights of darkness, and continued until the end of the revolution. Thus the month of February closed with the first bloodshed and with Johannesburg plunged into darkness. Nevertheless, the prospects of a peaceful settlement still seemed good owing to the obvious anxiety of many of the men to get back to earning their living.

\* Evidence at the inquest proved that the only man shot was shot by the Commando's fire.



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The Federation was quite alive to this aspect. Matters could not be allowed to drift indefinitely, as there was a danger of a general rush to return to work, regardless of the Federation. On February 21 they had put forward fresh proposals for a settlement which the Chamber of Mines had found impossible of acceptance, and so on March 4 they wrote suggesting a fresh conference. The Chamber of Mines replied immediately in a letter the tone of which the Prime Minister rightly characterised in the House of Assembly as "deplorable." The following extract will serve as a sample :—

The urgent necessity now is not to hold debating society meetings, but to get the mines working without delay. The Chamber's original proposals would have kept them working, but the Federation preferred to force a strike. The Prime Minister's proposals, if accepted, would have restarted them ; and the Chamber expressed its willingness to accept those proposals ; but the Federation rejected them. Now the Chamber has made an attempt to start the mines on its own account. That attempt is succeeding to a very considerable and rapidly increasing extent. The Federation, in the obvious desire to obstruct that attempt, proposes to substitute for it an opportunity for their orators to expend a few more million words. The Chamber will be no party to such an absurd and obstructive proposal.

Having thus failed in securing a fresh conference, the Federation decided to submit a proposal to the joint executives of the unions concerned in the strike, that a ballot be taken whether the men should return to work pending the finding of a commission as proposed by the Government. The meeting at which this proposal was discussed began at 10 a.m. on Monday, March 6, but the executives attending it met as prisoners. A sudden and dramatic change took place. The Trades Hall and the street outside were invaded by a mob of armed extremists, which prevented the meeting adjourning until, instead of a ballot, it had declared for a general strike. From this moment the revolutionaries were in full control.

## The "Revolution"

### II. THE "REVOLUTION"

THE outbreak of revolutionary violence on the Witwatersrand has been nicknamed the "revolution"; fortunately it never actually reached the stage when such a title would have become appropriate, but the situation was for a time extremely perilous, and conditions of civil war existed on the Rand for nearly a week.

In the light of after events, it seems right to date the outbreak of the "revolution" from the declaration of the general strike, but at the time there were reasons for taking a less serious view of probable developments, principally because the response to the call for a general strike was exceedingly small. In the Transvaal the building trades, tailors, bakers and waiters came out, and a few artisans in the railway workshops. The shop assistants, whose union is not affiliated to the South African Industrial Federation, and the Government employees in the Post Offices and the Telephone Exchanges remained at their work, and the first disturbances in Johannesburg were caused by attempts of commandos to pull them out. The men who had returned to work on the mines remained at work. Elsewhere throughout the Union the response was negligible. These facts caused the Government to decide not to declare martial law immediately but to await developments. In his defence of the Government on this point, General Smuts frankly admitted the risk which had been run :—

I told my colleagues that I thought the possibility might arise that for a couple of days, if we delayed the declaration of martial law and the calling up of the Burghers, it might be possible that we might lose our hold of the Witwatersrand. That matters might get out of hand and that a great deal of destruction might take place, such

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as, indeed, has taken place. We ran the risk. Even with that risk the Government said "Let us run it." If there are revolutionary forces brewing in this country, if we are continually walking on the edge of a volcano, let the country see it ; let us, at the risk of a couple of days' revolution in Johannesburg, delay the declaration of martial law and let the situation develop.

The "revolution" being safely over we may, perhaps, be grateful for this "wait and see" policy, for it resulted in the revolutionaries showing their hands. The tortoise put its head out to the fullest extent. Nevertheless it is inconceivable that the Government would have taken such a risk had it had any real conception of what it entailed. However this may be, we had not to wait long for the revolutionaries to show their hand, and their first real move took the peculiarly dangerous form of organised attacks on the natives in order to goad them, if possible, into committing excesses. Wednesday, March 8, saw such onslaughts in various places. Some natives were besieged in a Ferreirastown yard and butchered. Similar events occurred at Fordsburg, Sophiatown and Langlaagte. At the New Primrose Mine near Germiston there was a collision between strikers and natives outside the compound and two natives were killed and also a young miner named Webbstock. These attacks were the work of the revolutionaries. The Federation attempted to disown them by at once issuing a notice to the effect that it had received reports that bodies of strikers were "attacking natives wantonly" and instructing strikers that such conduct must cease forthwith, because "provoking natives to disorder must have far-reaching consequences for the whole community." But the Federation was no longer in control. It had been superseded by a Council of Action and by the untrammelled will of the commandos. The day following these attacks the Government mobilised six units of the Active Citizen Force and through the Ministers of Justice and Defence, who had remained in Pretoria to deal with the crisis after the rest of the Cabinet had gone

## The "Revolution"

to Capetown for the opening of Parliament, issued the following notice :—

During the last few days in Johannesburg and surrounding districts armed attacks have been made by certain Europeans on natives and coloured persons without the slightest provocation. These attacks have resulted in several being killed and wounded by rifle and revolver fire. The Government has information that these deliberate and unprovoked attacks, amounting in certain particular cases to wilful murder, are designed to stampede the coloured population and to give the impression throughout the country that a native rising on the Witwatersrand is imminent, and that the lives and properties of Europeans are in danger.

They then proceeded to give every assurance that such was not the case, and that any collisions that had occurred were due entirely to the natives trying to defend themselves against aggressive and unlawful acts. Here it is right to bear witness to the exemplary conduct of the large native population along the reef during the whole of the disturbances. With remarkable instinct they gauged the situation with precision, and refused in any way to play into the hands of those who, they saw clearly, were certainly not desirous in any way to benefit them.

Thursday, March 9, was comparatively quiet, and the rebels spent the day in attending the funeral of Webbstock. But at an early hour on Friday, March 10, the revolution broke out to its fullest extent. Attacks were made upon police camps and police stations at a number of different points all along the Rand (a scattered line of towns and mines 60 miles long, of which Johannesburg is the central point), with the result that the small Government forces immediately available were paralysed, and throughout the greater part of the area the revolutionaries had for the time being the upper hand.

General Smuts, in a statement to Parliament, described the situation as he found it on the evening of Saturday, March 11 :—

I do not think that the gravity of the situation as it then was has been sufficiently appreciated. I may say this, that Johannesburg

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could not be entered at any point without having, shall we say, to run the gauntlet. Practically the whole of the Witwatersrand, from one end of the reef to the other, was in possession of the revolutionaries, with the exception of two places. One was Boksburg, which was held by General van Deventer, and the other was a small portion in the centre of Johannesburg consisting of Park Station, the Law Courts, and just that immediate narrow centre of Johannesburg. The rest of the Rand and all Johannesburg itself—all the suburbs—all the entrances to it, were commanded by the revolutionaries. The danger was very grave indeed at that stage. Even that centre might go and a very serious situation might arise. . . . There was very great danger that great bloodshed, slaughter and murder might set in such as might take one back to the French Revolution.

The position was particularly serious at Benoni, where heavy street fighting occurred, the hottest fire coming from the Trades Hall, which was strongly held by the revolutionaries. Fortunately, at 5 in the afternoon, this stronghold was struck by a bomb dropped by an aeroplane. The Brakpan mine also was attacked by the Putfontein Commando in overwhelming numbers. It was defended by a small guard of mine officials and special constables, under Lieutenant Brodigan, thirty-five men in all. They were badly armed, and when their small stock of ammunition was exhausted and five of their number had been wounded, they surrendered, and threw down their arms. Revolutionaries then rushed in, and made a savage onslaught on these unarmed men, clubbing the wounded with the butt ends of their rifles; the total casualties in the garrison of 35 were eight killed, including Lieutenant Brodigan, and 23 wounded. At the same time heavy fighting began in the centre of the reef at Fordsburg, at Newlands, where a small force of police was overpowered and disarmed, and at Jeppe. The only effective Government forces available early in the morning of Friday to deal with this sudden emergency were the police, the Permanent Force, who together numbered just over 3,000, and a few aeroplanes. The six units of the Active Citizen Force, which had been called up on the previous day, were ready to take the field

## The "Revolution"

during the course of Friday, but even with this assistance the Government forces only just succeeded in holding their own. Fortunately the revolutionaries did not realise their opportunities. They suffered from the lack of a directing staff, and in consequence conducted the campaign as independent bodies without any co-ordination, and thus enabled the Government to defeat them in detail.

Faced with this situation the Government proclaimed martial law on the morning of Friday, March 10, and the Prime Minister himself left Capetown and arrived on the scene of action at midnight of March 11-12. He left the train at Potchefstroom, motored from there, and was fired at by revolutionaries as he entered Johannesburg. All available forces were mobilised. The Durban Light Infantry within six hours were entrained and on their way up. The neighbouring Burgher Commandos, who form Class B of the Citizen Force Reserve, were called up, and with their unique powers of rapid mobilisation were ready for action on the 13th. The total of the Government forces employed in suppressing the rising is shown in the following table :—

Permanent Force	..	..	..	..	499
Specially enlisted short service unit	..	..	..	..	123
Active Citizen Force and Class A Reserve	..	..	..	..	4,774
Commandos (Class B Reserve)	..	..	..	..	6,416
South African Police	..	..	..	..	2,634
Special Constables	..	..	..	..	964
Civic Guard	..	..	..	..	3,714
					19,124

As soon as these forces began to arrive the situation rapidly changed for the better. On Sunday, March 12, General Beves carried out very successful operations in the Brixton, Newlands and Auckland Park area, where two squadrons of police had been besieged for two days by a large body of revolutionaries. These operations resulted in the capture of over 2,200 prisoners and the relief of the

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police. On Monday Sir Jacobus van Deventer, with his Burgher Commandos, cleared up Benoni and Brakpan, without meeting any serious opposition, and captured over 4,000 prisoners. On Tuesday, at 11 a.m., General Beves, after warning the women and children, by means of leaflets dropped from an aeroplane, to leave before that time, commenced the bombardment of the revolutionary trenches in the market square of Fordsburg, while a simultaneous infantry advance was made from all directions. Early in the afternoon the rebels surrendered, and on the next day the Government was able to announce that the revolution was suppressed.

The losses sustained by the Government forces totalled 61 killed or died of wounds and 199 wounded. The casualties on the other side, including peaceful citizens who had the misfortune to be shot during the operations, numbered 138 killed and 287 wounded. Of the coloured population 31 were killed and 67 wounded. The total casualties, therefore, were 783. The arms and ammunition captured from the rebels amounted to 1,150 rifles, 231 shot guns, 745 revolvers, 1 machine gun, 43,519 rounds of rifle ammunition, over 6,000 rounds of shot gun ammunition, and 13,298 rounds of revolver ammunition.

As soon as the fighting ceased, there was a general rush to return to work, and to secure the much smaller number of jobs now available. The Federation, indeed, still talked of holding a ballot, but the unions took the matter into their own hands and called the strike off; and the Miners' Union passed a resolution repudiating the rebellion. It is as yet too soon to say how much of the old trade union organisation will survive the wreck. Events such as those which took place between March 7 and 15 cannot but leave a legacy of bitterness and strife, which will be accentuated by the increased unemployment which perforce must follow them. Added to this the new combination of the Nationalist and Labour Parties is now busily fishing in these troubled waters.



## Parliament and Indemnity

### III. PARLIAMENT AND INDEMNITY

THE declaration of martial law to deal with the crisis on the Rand has had its natural sequel in the introduction of an Indemnity Bill, which has already occupied the House of Assembly for nearly a month and has not yet passed its second reading.

General Smuts on his return from the Rand, where he took personal control of the situation for the week March 11 to 18, announced that the Government had decided not to try prisoners charged with serious offences in connection with the disturbances by military tribunals under martial law but to leave them to the ordinary civil courts. This statement was subject to the qualification that the machinery provided by statute (the Riotous Assemblies Act, 1914) for the trial of cases of high treason, sedition, and public violence, as an alternative to trial by a judge and jury—namely, a special court consisting of either two or three judges of the Supreme Court—was to be rendered available for the trial of murders and certain other serious offences. Such a special court may be set up for the trial of any case of the classes specified in which, in the opinion of the Attorney-General, the ends of justice are likely to be defeated if the prisoner is tried by a jury. The Indemnity Bill, therefore, in addition to the usual provisions of an Act of Indemnity for the withdrawal of martial law and for indemnification of all acts done in good faith by the Government or its officers during the martial law period for the purpose of suppressing or preventing disorder, provides for the necessary extension of the jurisdiction of such Special Courts consisting of judges only. This measure is obviously necessary, as under the circumstances at present prevailing on the Rand, jury trials could not be expected to give satisfactory results,

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especially as the juries would almost inevitably include persons who had themselves been actively engaged on one side or the other during the revolt.

General Smuts' formal motion for leave to introduce the Indemnity Bill was at once met by an amendment, moved by General Hertzog, demanding an inquiry into the events leading to the declaration of martial law, the extent of the disturbances, and any irregularities or excesses committed. The proposal was that this inquiry should be conducted by a commission consisting of members of Parliament. To this demand General Smuts replied that he had an open mind on the question of an inquiry, but he pointed to the difficulty of setting up any commission to inquire into the events of the revolution while the trial of offences by the Courts was actually in progress, as that would involve simultaneous investigation by two separate tribunals of the same set of circumstances; and he expressed the opinion that the question of a commission of inquiry should be deferred until the trials were over. This attitude was, however, reconsidered before the beginning of the second reading debate, and it was announced that the Government would grant an immediate inquiry, to be conducted, not by a Parliamentary, but by a Judicial Commission. This Commission has now been appointed and consists of two judges, Sir Thomas Graham and Sir John Lange, and is instructed by its terms of reference to deal with the following matters :—

(a) The events immediately preceding the declaration of martial law on the Rand and adjoining districts, and the question whether the declaration of martial law was justified, and whether the force used in the suppression of disorder was more than reasonable or necessary;

(b) The causes and circumstances, character and aims of the revolutionary movement in which the strike culminated;

(c) Any excesses or irregularities in connection with the disturbances or their suppression in so far as they could be enquired into without interfering with the course of justice in the trials in the courts of law; and

## Parliament and Indemnity

(d) The behaviour of the natives immediately before and during the disturbances and the question whether they gave any occasion for any assault upon them.

The concession of the Nationalist demand for an immediate enquiry has not had the effect of smoothing the passage of the Indemnity Bill. The prolonged debate on the second reading has proceeded on the lines of a debate on a motion of no confidence, and the Nationalist and Labour Parties have combined to make a determined onslaught on the Government. The main facts as to the terrible events on the Rand have been too notorious to allow of the Government's action in declaring martial law being seriously challenged; but the Opposition parties have sought to fasten on the Government entire responsibility for the outbreak of violence, and have even gone so far as to charge the Government with having deliberately provoked this outbreak for its own ulterior purposes.

General Hertzog devoted the greater part of his speech to a bitter personal attack on General Smuts. He sought to show by reference to previous occurrences, such as the Rand industrial disturbances of 1913, the general strike of 1914, the rebellion during the early months of the war, and the affair at Bulhoek last year, that General Smuts is the hardened exponent of *platschiet politiek*—the practice of shooting men down as a method of government. In this particular case his contention was that General Smuts, following his accustomed plan, had deliberately allowed the situation to develop to a point when the strikers were driven by despair to commit acts of violence; and that the Government, having thus obtained the required pretext for calling out the troops and declaring martial law, then proceeded, in obedience to the dictates of the Chamber of Mines, to crush the strike by force and to break organised Labour. This monstrous accusation has been faithfully echoed by the Labour wing of the Opposition, which has also been at special pains to minimise the formidable character of the revolt and to blacken the conduct of the

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Government forces by seizing with avidity and quoting with gusto any story which can be used to their discredit.

The Government case has been fully presented during the debate, each Opposition speaker being promptly followed by a speaker from the South African Party benches. This method of procedure has been deliberately adopted, in spite of its inevitable effect in lengthening the debate, on the ground that it is essential to provide ample Government propaganda for the constituencies—more especially for the benefit of the country districts. Government speakers have not been content to remain on the defensive, but have, with increasing effect, carried the war into the enemy's camp. As regards its attitude towards the strike, the steps taken by the Government to bring about a peaceful settlement have been set forth in the earlier portion of this article with sufficient fullness to demonstrate the absurdity of the charge that it was sitting idly by, waiting and hoping for an outbreak of disorder, and its previous record, both in legislation and administration, is utterly inconsistent with a policy of hostility to organised Labour. The question is why all the Government's efforts for peace failed; and the answer, given with great force by the Government, is that their good intentions were frustrated by the mischievous activities of Nationalist and Labour politicians, who made unscrupulous use of the strike for the purpose of snatching party advantage. Both these parties combined to represent the Government as the obedient slave of the Chamber of Mines, and thus prejudiced in advance every proposal for a settlement. Both parties encouraged the strikers in their unyielding attitude by promises of political support; and the Nationalist promises in particular were addressed to men in whose minds they might well prove a deciding factor. But Nationalists went beyond merely giving promises. Mr. Tielman Roos, leader of the Nationalist Party in the Transvaal, wrote a letter to his supporters on December 30, just before the coal strike began, advising them to remain

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quietly on their farms during the coming industrial crisis, and on no account to give any assistance to the Government. This letter, which meant that if trouble arose on the Rand necessitating the use of military force, Nationalist burghers were to refuse to come out if called up under the Defence Act, was given the widest publicity in the country districts : it raised the hopes of the young Nationalists who formed the bulk of the members of the Miners' Union, and weakened the hands of the Government. Coming on the top of the vigorous anti-Government propaganda habitually indulged in by the Nationalist Press, it planted revolutionary ideas in the minds of the Nationalist strikers, which were fostered by their subsequent organisation into commandos. And the revolutionary elements in the Labour ranks were not slow to take advantage of this opportunity. The fiasco resulting from the premature passing of a revolutionary resolution on February 5 and its subsequent presentation to the Tielman Roos Parliament at Pretoria delayed, but did not destroy, the movement thus initiated. In the meantime no Labour leader, either among the trade unionists or the politicians, had the courage to tell his followers frankly that they must face the facts with regard to the low-grade mines as revealed by the Low-Grade Mines Commission. Instead they continued to inflame their minds by wild talk about the colour bar, the Chamber of Mines' attack on civilised standards of living, and the duty of the workers to maintain at all costs the ideal of a white South Africa. Every suggested concession to the inexorable facts of the economic situation was represented as "kowtowing" to a corrupt Government and avaricious employers. Meanwhile some Labour politicians took a prominent part in organising and stimulating the strike commandos, which were partly maintained by supplies sent up from Nationalist sympathisers in the country and distributed as rations. Thus a peaceful settlement was rendered impossible ; and while leaders of both the political parties, which were thus working in combination, professed

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with apparent earnestness to deprecate violence, they encouraged their followers to pursue a course which was found inevitably to end in violence.

Such in summary is the indictment framed by Government speakers against the united Opposition parties. The immediate result of the debate is, of course, not in doubt, and the Government will secure its normal majority ; but as affecting the political future of the country, the debate is important in two respects : First, it forms an unpleasant precedent, especially in the peculiar racial circumstances of South Africa, for the extension of party conflict to the point of refusing to grant the Government of the day indemnity for measures admittedly necessary for the purpose of suppressing an armed revolt. Secondly, it marks a very definite rapprochement between the two Opposition parties—Nationalist and Labour. Mr. Tielman Roos has defended his famous letter of December 30, telling the burghers not to respond to any call made by the Government for military assistance, by saying that he did not want Nationalists to put their noses on the Rand to help the Government against the workers, because by so doing they would spoil their chance of combining with the workers to form the Government of the country, as they would yet do. Moreover, though denying the existence of any alliance between the Nationalist and Labour parties, Mr. Roos has already pledged himself to the fullest co-operation with Labour in the Transvaal at the next general election—which is not due till 1926 : he announces that he will arrange, if possible, that only one candidate, either Nationalist or Labour, shall stand against the South African Party in each constituency, and hopes by this means to secure that not one single South African Party candidate is returned on the Rand. It is difficult to believe that parties divided so widely in all essentials of political faith as the Nationalist and Labour parties can find sufficient common ground to provide a basis for a permanent alliance, and there is no doubt that many typical Nationalists of the land-



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owning class view with repugnance this philandering with a Labour party whose political creed is based on socialism and the elimination of private property. But even a temporary *modus vivendi* patched up for the purpose of a general election might have very awkward consequences in reducing the Government's majority over the combined Opposition parties to vanishing point. And it is necessary to remember that the majority of the rank and file, to whom Nationalist racialism makes a strong appeal, are landless men for whom the golden promises of socialism have a very alluring sound.

It should be added that, in accordance with the intention of the Government as announced, and approved by the House of Assembly, before the outbreak of violence, an "impartial Board" has been appointed to inquire into the principal industrial issues raised in the strike. This Board consists of Sir William Solomon, one of the judges of the Appellate Division, as chairman; Sir Robert Kotze, the Government Mining Engineer; Sir Carruthers Beattie, Vice-Chancellor of the University of Capetown; and Mr. William Brace, Labour Adviser to the British Board of Trade, whose services have been specially lent to South Africa for the purpose. The reference to this Board includes the question of the future of the *status quo* agreement, which, as previously explained,\* embodies the conventional as distinct from the legal colour bar, the question of establishing and regulating a ratio of European to native labour in the gold and coal mines of the Transvaal, and the question of classifying the gold mines into one or more grades for the purpose of applying different ratios.

South Africa. April 21, 1922.

\* ROUND TABLE, No. 46, March, 1922, p. 433.



## NEW ZEALAND

### I. IN THE COUNTRY

THE condition of New Zealand during the past three months may be accurately sketched in a few strokes. A Government almost wholly engrossed in the task of reducing expenditure and increasing revenue: a rural population watching with gravest concern the English markets for their products, facing severe financial difficulties, and in many instances the actual or threatened loss of savings too readily invested in high priced land: the rest of the people for the most part fairly prosperous, but grumbling under the pinch of heavy taxation, and beginning to be uneasy about the general and indirect effect upon the country of the depression that is being felt so acutely by the farmer. The latter is in a very unenviable position. It is true that meat and wool have to some extent rallied from the slump which earlier in the year caused financial embarrassment through a large part of New Zealand, although even now the heavy accumulation of stocks makes the outlook uncertain for a long time to come. But to offset this improvement there has been an almost bewildering drop in the market for this season's butter and cheese, the result of which is, not merely disappointment, but a serious shortness of money for all who are engaged in dairying, and for many farmers a complete inability to carry on at all.

The butter and cheese trade is of enormous importance to this country. For 1921, butter alone headed the list

## In the Country

of exports, amounting to £11,169,530 as against £11,165,273 for meat, £8,199,183 for cheese, and £5,221,479 for wool. This is the first time it has topped the list, and the figures must be read subject to the qualification that exports in the case of dairy products and meat have been inflated by the shipment of produce from previous seasons, and that wool and meat have been suffering from many adverse market conditions. Even in normal times, however, dairy products stand high in the list, while in assessing the value of the industry there is the important circumstance that the land devoted to dairying is divided into small holdings, and the number of persons interested is very large. This land has been changing hands very rapidly during the past few years, especially in 1919 and 1920. Butter-fat has steadily risen in value, and unfortunately the market price from time to time has been taken by the optimistic farmer and speculator as the measure of the permanent, intrinsic value of the land, very often something being added for a further prospective rise. Buyers were prepared to pay enormous prices; sellers were willing to accept little or no cash, taking second, and, in many instances, third or even fourth mortgages as security for their purchase money. For a time all went well. Butter prices soared, the dairy companies were advancing up to 2s. per lb. for butter-fat, and even then the close of the season showed a further handsome cheque for the farmer. Under these conditions it was easy to pay interest and to have plenty of money to spare. Warnings that land was too high were unheeded. That cry had been heard for years and the pessimists had always been confounded by results. Now the fall has come. Butter has tumbled, and the milk cheques have shrunk until many a farmer can no longer pay his interest bill. Instead of receiving an average advance of 2s. per lb. for butter-fat, as for 1920-1921, his advance for this season will average only 1s. to 1s. 1d., and at the present moment he is only getting 8d. or 9d. In many instances bankruptcy has

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resulted, a fate which for years has been almost unknown in the farming community. In others the farms have fallen back into the hands of the vendor-mortgagees. In others again these last have only been able to stave off disaster by granting concessions without which the dairy-farmer could not carry on. Share-milkers are being dispensed with and the farmer and his family are taking on the work themselves. There are some slight indications that an improvement in the market may be expected, but in the meantime the position is undoubtedly acute, and nothing can be done but wait in patience. Deputations have urged the Government to take some steps that will ease the situation for those who are not able to wait, but no practical suggestions have been made, except the revolutionary one made by a northern deputation that there should be a compulsory reduction of mortgages, a proposal which received short shrift at the hands of the Prime Minister when it was made to him, and has not since been heard of.

That the general financial condition of New Zealand is not worse is due to the two facts that the fall in the prices of its three great primary products has not been simultaneous, and that the output of butter is very much greater than in previous seasons, thus compensating to some extent—so far as the country as a whole is concerned—for the lower prices received. So we find that although our exports for the last year were roughly a million and a half under those for 1920 they were higher than in any year before 1919 and were double those for the last year before the war. This result was largely due to the very high prices paid last season for butter and cheese, the two commodities which saved the situation in face of the slump in wool and meat. This is strikingly shown by the fact that the exports, which are largely of dairy products, from the Auckland province exceeded those for 1920 by approximately two millions, the rest of the North Island showing a decrease of about a million and the South Island over

## The National Debt

two millions. Butter and cheese together accounted for more than nineteen millions, this being 43 per cent. of the total exports and more than double the corresponding total for 1920.

The position so far as wheat is concerned is satisfactory. Since 1911 there has never been any surplus for export, and on several occasions since that year the crop has been insufficient for home requirements which have necessitated importation from abroad. This year the yield will certainly be the greatest since 1911 and probably the greatest since 1899, and there will be a good surplus over local needs. In January it was thought that the amount available for export would be over three million bushels, but since then it has been found that crops in many parts of Canterbury—the chief wheat-growing district—are not yielding up to expectations and the estimate of the exportable surplus must be very much reduced. In all probability it will not now much exceed one million bushels.

Turning from the country to the urban population, the average family has less money to spend than it had a year ago, but we are still remarkably prosperous. The Christmas trade—a good barometer—was heavy, while racing and other pastimes are patronised very nearly as well as in the recent record years. The cost of living is dropping, but housing is still very scarce and dear, and is likely to remain so until wages are substantially reduced.

## II. THE NATIONAL DEBT

IN any comparison between New Zealand's present and pre-war balance of trade, regard must be had to the changed position of the National Debt. During the period 1914-1921 this increased from £99,730,427 to £206,324,319, and of the increase (£106,593,892) no less than £90,411,023, or 84·82 per cent., was borrowed in the Dominion itself, only £16,182,869, or 15·18 per cent.,

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being raised abroad. Thus, while in 1914 83·14 per cent. of the total debt was owing outside and 16·86 per cent. within New Zealand, the position is now completely reversed, and 51·97 per cent. is owing within the Dominion and only 48·93 per cent. abroad. The proportions are still more favourable to the Dominion so far as interest on the debt is concerned, for the older loans, which are mainly owing abroad, bear low rates of interest, while the higher rates are payable on the loans raised in New Zealand. During the period mentioned the average rate of interest payable on the National Debt has increased by 8s. 9d. per cent.—viz., from £3 16s. 5d. per cent. to £4 5s. 2d. per cent. The interest payable within the Dominion is probably not far short of 60 per cent. of the total.

### III. IN PARLIAMENT

THE hope cherished by members that Parliament would finish its work before Christmas was not realised, and the session did not conclude until February 11, just a month after its resumption. Even then it cannot be said that legislation received anything like proper consideration. The usual end-of-the-session scramble to get finished began before Christmas and continued even more vigorously after the short adjournment that was taken. Secure in its majority, the Government was relentless in pushing through its measures, and altogether eighty-nine public Acts were added to the Statute Book. The legislation of the session was of considerable domestic, but little external, interest, and it is unnecessary for the purposes of this general chronicle to do more than refer briefly to the two outstanding measures passed since Christmas—The Public Expenditure Adjustment Act, which embodied the Government scheme for retrenchment in the Civil Service, and the Act creating machinery for a compulsory pool of frozen meat for export.

## In Parliament

The cry for economy has been as insistent here as in England and for many months the Government has been protesting that it was rigorously cutting down waste and extravagance in the public departments. Little definite information, however, was forthcoming and the public has had to be content with general statements and the announcement that legislation would be introduced to retrench the salaries of the Civil Service. This was a matter requiring Parliamentary and not merely departmental action. During and after the war, salaries had been augmented by bonuses granted to meet the increased cost of living, the official statement showing that these bonuses amounted to the enormous sum of four and a half millions per annum. No one has suggested that we should go back to pre-war rates of payment, but the cost of living is receding fairly rapidly and the necessity for heavy reduction in the cost of the public services was very urgent. What the Government proposed as part of its economy campaign was to withdraw something over two millions per annum of the bonuses already mentioned by a series of "cuts" spread over a period of fifteen months. This scheme was embodied in the Public Expenditure Adjustment Bill, introduced after the Christmas vacation.

The imperative need for some reduction was generally acknowledged and the Opposition recognised the principle of the Bill by voting for its second reading, leaving amendments to the committee stage. It was here that a fierce struggle over details took place, the debate being no doubt influenced by the knowledge that a general election will be held at the end of this year. Criticism was directed in particular against the method of spreading the reduction, and the failure to fix a minimum salary which should remain untouched. It was on this last point that the closest divisions took place, the Government mustering a majority of four only on a proposal to fix a minimum of £250 and later, on a similar amendment to make it £210. Having weathered this storm it had no great difficulty, and although

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there were over thirty divisions in Committee the Bill passed into law with some slight modifications conceded by the Government.

The Act reduces the salaries of Members of Parliament and Ministers, but not those of the Governor-General or the Judges of the Supreme Court. It is worthy of note that the former offered to submit his salary to the pruning knife, but the offer was not accepted, while on the Judges enquiring from the Attorney-General whether he thought it would be proper for them to address a communication to him on the subject, they were informed that he thought it better they should not do so.

The measure has aroused much bitter feeling in the Service. Before and during its passage through the House meetings of protest were held throughout the Dominion, and there was a good deal of talk about "direct action" if the proposals were carried. Even if space permitted it would be unnecessary to examine here the merits of the case against the Act, which certainly bears marks of the haste already criticised. The important fact is that the hostility of the Service will undoubtedly affect the elections. It is estimated that the Act has directly touched some 36,000 people, while there are, of course, a great many others indirectly concerned, and the sense of grievance among this large body seems to be very strong.

So far as economy generally is concerned a statement was presented in the course of the debate showing that, as a result of departmental action, savings totalling £3,242,000 had been effected. This amount includes over half a million brought about by the dismissal of 2,700 state employees, and £240,000 in the Defence Department by the demobilisation of 809 officers and employees.

The other measure of outside interest is the Meat Export Control Act, which provides machinery for a compulsory pooling of frozen meat for export. The objects were explained by the Prime Minister to a meeting



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of producers in Wellington on January 10 last, at which he said that "the Government had come to the conclusion it was time to interfere with the object of assisting the meat industry. Prior to the war the producer who sent meat to London received about 80 per cent. of the price realised on the London market. To-day, or until a few days ago, he had received only 46 per cent. . . . The new organisation was intended to bring about an improvement by reducing the cost of production, the cost of shipping and improving the price obtained on the London market." He added that it did not matter what opposition there might be they were going on with the scheme. The producers generally approved of the pool, and a committee was set up to deal with the matter. The result was a Bill brought down near the end of the session which had a rapid passage through the House. Under this there is constituted a "New Zealand Meat Producers' Board" of five members elected by producers, two nominated by the Government, with power to nominate a third to represent the firms and companies financing the farmers and dealing with their produce. Under the control of the Board is a London agency to keep the Board advised and to see to the disposal and proper marketing of meat. In order to control the export and sale of meat the Governor-General may prohibit the export except in accordance with the determination of the Board, and very wide powers of control, either total or partial, are given to the latter body, which determines for itself how far it is necessary to assume control and whether the same shall be absolute or limited. It has full power to make arrangements and give directions for the grading, handling, pooling and storage of meat; for its shipment on such terms and in such quantities as it thinks fit, and generally for its handling, distribution and disposal. Provision is made for a levy, the proceeds of which are to be paid over to the Board, and for a Government guarantee of advances made by any bank or person to the owners of meat.

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Mr. Massey stated in the House on February 2 that "whether the exercise of these powers would be necessary remained to be seen. It was intended that the Board might assume absolute control if it found that necessary or only partial control. It was intended to interfere no more than was necessary with the individual efforts of the people who had been engaged in the meat trade. If, however, there was any movement on the part of those connected with the trade antagonistic to the interest of producers it would be for the Board to take action." The operation of contracts already existing when the Board assumes control will be protected until October 31 of this year.

Naturally the scheme has aroused criticism, particularly on the part of those who, upon principle, are opposed to state interference. There are business objections too, but the consideration of these is more appropriate to a trade journal than to these pages. In any case it will be some time before the full powers of the Act are put into operation, and the scheme will doubtless be subjected to further and less hurried consideration next session. In the meantime the Board will be set up and will have an opportunity of evolving a policy.

A slight relief for the taxpayer has been effected by the allowance of 10 per cent. rebate for prompt payment of land tax and 5 per cent. in the case of income tax. The former concession has been criticised—chiefly by the Labour Party—as being made in the interests of the rich and as an anomaly while customs duties are being raised and Government salaries cut down. Mr. Massey, however, has replied that, in the opinion of the Government, the country could not continue to carry the load of direct taxation, and that the concessions were a proper step towards reduction of the burden.

A political move of some importance was made in February when it was announced that the National Progressive and Moderate Labour Party\* and a number of Opposition

\* See ROUND TABLE, No. 45 (December, 1921), page 461.

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members, "recognising the necessity for greater co-ordination in the interests of good Government and in the furtherance of their common ideals," had decided to combine for the purpose of working more effectively in the House and at the next general election. The new party is to be known as "The United Progressive Liberal Labour Party," and will be led by Mr. Wilford, the leader of the Opposition. This coalition had been foreshadowed for some little time, but it was not effected until the last week of the session, too late to have any influence upon the proceedings of Parliament. It is likely, however, to be an important factor in consolidating the anti-government forces at the election to be held at the end of the year. The extreme Labour section under Mr. Holland takes no part in the amalgamation, and it is yet too soon to say definitely what the strength of the new coalition will be. The attitude of a number of members will probably not be made known until Parliament meets for its last session.

### IV. NAVAL POLICY

IT is not surprising that by tacit consent the question of naval policy and expenditure should have been almost entirely shelved in Parliament. More pressing domestic problems held the stage, and the fact that the Washington Conference was in session at the same time naturally rendered it inopportune to take any step until the future was clearer. The subject was briefly referred to on the Defence Estimates, when a member (Mr. Witty) moved a reduction of the naval vote as a protest against keeping the *Chatham* in our waters. The *Chatham*, it may be mentioned, is our one warship.

Mr. Massey's reply to the motion was neither very brilliant nor satisfying. He first made the point that if we did away with the *Chatham* we should still have to contribute to the British Navy, and that it was better to

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spend money in these waters. He then said—though the point of his observation is not plain—that the *New Zealand* and the *Australia* were both going to be scrapped, and that unfortunately the former had not yet been paid for. The liability would not be wholly extinguished for six years. At this stage an irrelevant and petty wrangle followed on the Fiji labour troubles, caused by the Premier's reference to the action of the Government in sending a Government vessel to Fiji with an armed force on board to protect the European inhabitants in case of a riot. The only pertinent statement made by anyone after this was by the Minister of Defence, who said that our present system met with the approval of the Home authorities. The motion was lost, the mover himself voting against it.

More interest in the subject has been shown by the Press and among the people. There have been frequent references in the papers, and these have apparently been read and appreciated. In the circumstances of the times it is only natural that opinion should be vague and more or less in a state of suspense, but some ideas have generally established themselves among the people. In the first place we have been deeply impressed by the war's lesson of the rapid obsolescence of war vessels, and we have come to realise the importance of skill and rapidity of construction and the difficulty of securing these except where there has been long experience and building upon a large scale. Then, too, the reduction of our naval unit to a mere mockery of the Jellicoe scheme and the knowledge that, in view of the Washington agreements, it is unlikely to be increased—it cannot be reduced without annihilation—have led us to the belief that the profound modifications of policy which these agreements must bring about afford an opportunity of reconsidering both the quantum of our contribution and the most effective form which it can take. To that end a conference between Great Britain and the Dominions is essential. This view is shared alike by those who have always been opposed to a local unit and by those

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who have supported Mr. Massey. Thus the Auckland *Star* (Opposition) after pointing out that the whole naval situation has been completely changed by the work of the Disarmament Conference and that, while naval warfare cannot be definitely abolished, the probability of conflict in the Pacific is reduced to very small dimensions, continues thus :

All these facts taken in conjunction have a very direct bearing on the great questions of our naval policy. We may take it for granted that Britain as an insular Power, the centre of a wide-spread Empire, possessing a mercantile marine and a sea-borne trade of incalculable value to her, must always maintain a strong navy in her own interests. But this fact does not in any way absolve us from our responsibilities ; and to the necessary measure of sea defence we, in common with all parts of the Empire, should contribute our just quota of the cost. The first step is a decision as to what the changed conditions entail. An Empire consultation is a first essential to a right decision on the subject of Imperial defence, and when it is held we hope to see the valiant attempt of Australia to develop her own navy acknowledged an error, and our own puerile effort to follow her example pass into a limbo of "Reform's" blunders. The Empire must be strong for defence at sea, and to ensure this we in this country must be prepared to contribute in a more generous and self-sacrificing spirit than was the case in pre-war years. The disposition of the fleet is a question to be decided according to the exigencies of the times, and we can safely leave this matter in the hands of the Imperial authorities. A disjointed control, such as small units represent, can only, as the Australian Admiral pointed out, result in inefficiency in training and a sacrifice of potential power.

On the other hand we have this passage quite recently in a Government paper, the *New Zealand Herald* :

The *Chatham* was taken over as a unit of the New Zealand Division of the Royal Navy envisaged by Lord Jellicoe's report. The intention was that the Division should gradually be built up to three light cruisers with destroyers and submarines. It is now a matter of doubt whether that programme is necessary or practicable, but the Washington Conference has at least cleared the way for a decision. As soon as possible the New Zealand Government should ascertain from the Admiralty what is to be the strategic distribution of the British Navy, what forces are to be maintained in

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the Pacific, whether the efficiency of the navy will best be advanced by maintaining vessels on the New Zealand coast, by contributing to the cost of the Pacific fleet, if there is to be one, or by an unconditional monetary contribution. At the same time the Government should decide what is a fair rate of naval expenditure for New Zealand in the light of the Washington decisions. There is no longer excuse for delay. The subject has been referred to the various Parliaments and New Zealand, by virtue of her geographical position and her traditional sea sense, should be one of the first Dominions to make her contribution fairly comparable on the basis of population, trade and naval needs, with that of the United Kingdom.

Interest in naval matters has been stimulated a little by the visit in January of Admiral Dumaresq in the Australian ship *Melbourne*. In his first speech after his arrival he disclaimed—quite naturally—any mandate to speak for Australia, and was careful to base what he had to say upon a recognition of the present arrangement under which Australia and New Zealand each maintain a separate unit. But he emphasised most strongly the necessity for the Dominions to have behind them a certain minimum measure of force and the extreme importance of close co-operation.

It is for the people of every country to think it out and see what that minimum is to be, and not go beyond or below it [continued the admiral]. They are quite competent to settle that matter if they will take the opinion of their technical advisers and cross-examine them on their figures regarding proposed expenditure. After the statesmen have done that, there is nothing for the people to do but support their statesmen. The navy [he said] is an insurance. It is not necessary to tell the people of New Zealand this. They know and have acted upon it. It is not an insurance in the same sense as insurance against fire or burglary, which can be started one year and stopped the next. It has to be kept going and cannot be stopped, for instance, when you are hard up, and then expected to go on again [said the admiral]. If you fall below that minimum you will fail with the whole thing. Ascertain what your minimum has to be, and keep it up to that in good times or bad. I would like to say, as my own opinion, that it is a matter of the greatest importance for the sister units of the Empire fleets—the two units of Australia and New Zealand—to co-operate and get together as much as they can, because one ship by herself is not of any great use in the bigger



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sense, any more than, you know, one battalion is of any great use when you come to forming a brigade. When you get something more potent, it is no good expecting a battalion from an isolated outpost to come up and form a brigade. It is exactly the same when forming a squadron. The ships must have a certain time together to form a squadron.

### V. IMPERIAL AFFAIRS

IT was rather unkindly said by the Christchurch *Press* recently that "in the New Zealand Parliament so little attention is given to Imperial questions that one could almost read Hansard continuously without discovering that the Empire exists, or that there has been any development in Imperial thought and relations for thirty years." There is an element of exaggeration in this, but it is substantially true. Members generally take the smallest possible interest in Imperial affairs and policy, while Ministers prefer to maintain a discreet silence instead of encouraging and guiding discussion. It is seldom that an opportunity is taken to make a statement in the House upon external affairs, and any information given is usually dragged out by a question from a private member. For this state of affairs the Prime Minister is somewhat to blame. He has a strong inclination towards secrecy, one may almost say mystery, in Imperial affairs, and is not disposed to encourage Parliament to express an opinion upon Imperial policy.

The absence of official news as to the proceedings of the Washington Conference was mentioned in the last number of *THE ROUND TABLE*\* and is one illustration of the tendency here noted. In the same way nothing, except what has appeared in the Press, has reached the public concerning the work of the League of Nations. Yet there must have been numerous official communications which might with great advantage have been given to the public.

\* *ROUND TABLE*, No. 46 (March, 1922), p. 460.



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Speaking at Cannes in January, Mr. Lloyd George is reported to have said that he always sent to his colleagues long summaries of what had been happening at the Conference of the Supreme Council, and he also sent similar messages to the Prime Ministers of the Dominions. Apparently such messages are merely read by Mr. Massey and pigeon-holed. Certainly none of them have been divulged, although they must have contained some information which could well have formed the subject of a statement in Parliament. Not that the course of events could thereby have been influenced, but that everything tending to the education of the people and their representatives should be encouraged.

The important question, whether New Zealand desired to be represented at the Genoa Conference, was never even mentioned in Parliament, while, as crowning proof of the indifference to outside affairs, although the Washington Conference concluded its work before Parliament rose, not the slightest notice was taken of the results achieved by that historic gathering and their vital importance to this country.

On two occasions only after Mr. Massey's statement on his return from the Prime Minister's Conference were Imperial relations mentioned, and on each the matter was raised with reference to the Pact with France. During the negotiations the Labour leader, Mr. Holland, referred to a cablegram to the effect that the British Government would be unable to complete the Pact without consulting the Dominions, and asked whether any communication on the subject had been received, and whether the Prime Minister would undertake to place his proposals before Parliament for ratification before making an agreement on behalf of New Zealand.

The Prime Minister replied that he did not think it was intended that the Dominions should sign anything in the nature of a treaty. He had received a communication from Mr. Lloyd George, but he did not know precisely

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what form the agreement was going to take, and he could not make any definite statement to the House.

It had been stated, added the Prime Minister, that the Dominions might or might not subscribe to the agreement, according to their individual wishes. He regarded that suggestion as loose and dangerous. He was strongly of opinion that when the opportunity offered—and that might not be for a year or two—something should be done to guard against divided counsels within the Empire. If the Empire was to stand it must be united. At a later date, a private member (Mr. Malcolm) on the Government side referred to the same matter, basing his remarks upon the definite provision in the Pact that it should not be binding upon the Dominions without their consent. He saw danger, he said, in the possibility that the Empire, which should be one and indivisible, might be divided on such a question, and one Dominion be found voting one way and another another way. He hoped the Prime Minister would see that New Zealand was represented as unfavourable to the proposal that it should have power to contract itself out of an arrangement made by the British Government on a matter of foreign policy.

The Prime Minister replied that he had had no notice of the member's intention to mention the matter and that it was worthy of more attention than he could give it at the moment. His own mind, however, was pretty well made up. He was very strongly opposed to anything in the way of divided counsels within the Empire when arrangements with foreign nations were being made. He had thought from the commencement that that was one of the dangers of the League of Nations. He felt it was so important that the Empire should speak with one voice and with no uncertain sound, and that there should be no possibility of different parts voting different ways. If given the opportunity he might, as representing New Zealand, let the Prime Minister of Great Britain know how he felt on such a matter. It may be remarked in passing

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that there seems to be no reason why Mr. Massey should have to wait for an opportunity to express his views to the Home Government upon a matter of such vital importance. The silence of Parliament has not been imitated by the Press, nor its indifference shared by the general public.

Notwithstanding our preoccupation with domestic difficulties, we have found time to rejoice in the Irish settlement—which at the moment of writing has received such a serious set-back—and in the achievements of the Disarmament Conference. Seldom have external affairs bulked larger in the newspapers, big and little, which have kept themselves remarkably well-informed on both these subjects, especially on the broader aspects of the Conference such as the fixing of the naval ratio, the use of submarines, and fortification in the Pacific. These are the questions that touch us most nearly, and the agreements reached meet with universal satisfaction. That they will be endorsed by our Parliament admits of no doubt.

As to Ireland, New Zealanders as a whole have probably never realised the extraordinary difficulty of bringing about a settlement, but the conflict has been a real trouble to us, and the settlement was everywhere hailed with joy. The sudden check, caused by the difference over the boundaries question, has come as a shock and a profound disappointment. Upon one point the average citizen is inclined to be critical. He looks with deep suspicion upon the alteration of the ordinary oath of allegiance and thinks that, there, concession went too far.

New Zealand. March, 1922.

## AUSTRALIA

### I. THE INDUSTRIAL CONFERENCE

THE most pressing problem in Australian industry is still that of adjusting wages to falling prices. The level of wages is in the main determined by awards of minimum rates given by Arbitration Courts and similar public agencies, whose common though not invariable practice has been to take as their basis the figure of 7s. a day laid down by Mr. Justice Higgins in the Harvester Case, 1907, and to vary it according to the variation in the purchasing power of money as ascertained by the Commonwealth Statistician. The question of what was to happen when an industry was unable to pay the determined wage and continue to compete with its foreign rivals was answered by the acceptance of the "fundamental principle" first enunciated by Mr. Justice Higgins, that such an industry should not exist. This question was not of great practical importance during the war period and for two years afterwards, because wages, although raised at frequent intervals, failed to keep pace with rapidly rising prices. August, 1920, however, saw the highwater mark of wholesale prices reached, and since then the tide has been slowly but surely retreating. The problem, then, of the future of industry became all important because wages showed little tendency to fall, whilst countries which were able to adjust their industries to an era of falling prices more quickly than Australia has done, threatened by their competition to make it impossible for certain Australian industries to continue to exist. This was notably the case with the

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metal industries. Copper and lead are both in price about the pre-war level. The steel industry established by the Broken Hill Proprietary Company at Newcastle, in 1915, was reported at the end of last year to be threatened with extinction, because of the low price at which steel rails, etc., could now be landed here, while the quarrying of ore at Iron Knob, which supplies the steel works with raw materials, was suspended by the same company in February of this year, because enough ore was on hand to complete current orders for steel. In other industries, too, high costs of production, falling prices and unemployment present a problem growing more acute every day. Production, and therefore employment, can only be maintained by bringing the goods produced within the purchasing power of larger numbers and smaller incomes.

This state of affairs has emphasised the opposed points of view of the employers and of the workers. The employers' reading of the situation is that since the cost of production cannot be covered by present prices it must be reduced, and this means more especially reduction in wages. Other remedies are suggested, such as a further increase in the tariff, more stringent anti-dumping legislation, and Government subsidies, but reduction of wages is the chief. No accurate figures of costs of production have been, or are likely to be, disclosed in the controversy, but in some industries, *e.g.*, coal, it is alleged that three-fifths of the cost is labour cost. Some of the firms who have recently announced the temporary suspension of their industrial operations express the view that they are unable to continue unless a reduction of from 20 to 25 per cent. in wages is made. Just as, in an era of rising prices, employees constantly demanded that wages should be adjusted to meet increases in the cost of living, so now employers demand a reduction in wages corresponding with the fall in prices.

In some quarters the demand has gone further. Mr. Barwell, Premier of South Australia, has used language

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which appeared to mean, despite his later contradiction, that Courts of Industrial Arbitration, State and Federal, were hindrances to necessary economic adjustments and should be abolished. Whatever opinion may be held on this subject, no such proposal has been made by the employers as a body and no one would seriously venture to propose the abolition of the other method of wage-regulation—viz., wages-boards.

The Federal Arbitration Court has in several recent instances made reductions in wages to correspond with changes in the purchasing power of money. Also there have been a good many "automatic" reductions in cases where agreements have been made in the past between employers and workers for "sliding-scales" of wages to be adjusted from time to time in accordance with the cost of living. It may be noticed here also that in two other important instances recently wage-fixing authorities have reduced the minimum wage because of the reduction in the cost of living. In October last, the New South Wales Board of Trade declared the basic wage for the ensuing six months to be £4 2s. per week, a reduction of 3s., which caused a great outcry in Labour circles. The chief objection was that the Board had made a departure from its previous practice, and had considered prices over a more recent period than before. It was contended by the Labour Government in New South Wales, and not denied by the Board, that if the usual practice had been followed the basic wage would have remained unchanged. The Government refused to gazette the new rate and referred the matter back to the Board for review, but the Board in the exercise of its discretion refused reconsideration. In his policy speech, in opening his election campaign in February, Mr. Dooley, Premier of New South Wales, announced that his Government, if successful at the polls, intended to introduce legislation to maintain the basic wage at £4 5s. for the whole of the present year. This would remove the determination of what is a living wage



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from an independent body to the Government in power for the time being. In Queensland, too, the Arbitration Court at the beginning of February reduced the basic wage in that State from £4 5s. to £4 a week as from March 1.

To the worker "adjustment of wages to prices" has a sinister sound because he believes that in times of depression the first cost of production to be lowered is wages. Reduction of wages means to him, for the time at least, a reduction of his standard of life. Rather than accept this he is ready to face the alternative of unemployment and even the abandonment of an industry. The Australian workers on the whole stand firm in their determination to oppose any policy of reduction of wages. They claim that a reduction is unnecessary, because the cost of production can be lowered by reducing overhead charges and profits as, for example, by the payment of dividends only upon unwatered stock. Also they claim that it is inequitable, because wages followed rising prices but slowly and have not yet overtaken them, or at any rate have not been high long enough to make the position of the worker on the whole even as good as it was in 1914. Lastly, they put down the demand for reduction to a world-wide conspiracy on the part of employers to debase the condition of the workers. So far from acquiescing in a policy of reduction, some sections of workers have reiterated demands for what are in effect increases in wages. For example, the Council of the Coal-Miners' Federation in January of this year announced that it intended to make every effort to carry into effect the miners' claims, adopted two years ago, for, *inter alia*, a six-hour day and a five-day week. There are two recent cases, one unsuccessful, the other successful, where industries which had closed down have attempted to start again after considerable wage-reductions were accepted by the workers. At the beginning of February a section of the miners and smelters at Wallaroo and Moonta, in spite of the opposition of the Australian Workers' Union, agreed upon a reduction of 18 per cent. in wages. The company



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attempted to resume on these terms, but as less than half the men required signed on, operations were once more suspended. In the same month the miners at Mount Morgan accepted a 20 per cent. reduction in wages, and work was resumed. The resumption was, however, only made possible by a subsidy from the Queensland Government to the company in the form of a rebate of £1,100 a week on railway freights. The attacks upon arbitration and wage-fixing have had the effect of rallying the forces of Labour in its support. They trust to it at present as the sheet-anchor of a system of stabilised wages which at least, whatever may be the changes in industry, ensures to an employed man a living wage. As a remedy for any resulting unemployment, they rely upon Government provision.

On January 25 Mr. Hughes, Prime Minister of Australia, inspired by the success of the conference idea as illustrated by Washington and London, announced that in view of existing and threatened industrial troubles he would call together representatives of employers and workers to a round table conference in February, to discuss questions of wages and the cost of production. He was careful at first to express no opinion as to a possible solution, though later he foreshadowed the introduction, if both parties were agreed, of a superior brand of Whitley Councils operating under the Industrial Peace Act of 1920. His view of the industrial situation then and later, was that the cost of production of goods was in excess of their value, since prices generally were falling, and the cost of production, therefore, had to be reduced. Though he did not commit himself to the view that wages necessarily must be reduced, yet he reminded the workers that high wages could only be paid if the goods produced could be sold. This was, not unnaturally, interpreted in most Labour circles to mean that wages were to be reduced, and he was severely attacked as the active agent of the employers in a wage-smashing campaign, especially as the employers on the whole were not unfavourable to the idea of a conference. On this

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ground many Labour organisations definitely refused to have anything to do with the conference. In three States, Victoria, South Australia and Queensland, the trade unions refused the invitation to attend, while in the other three they accepted. The reason of the difference seems to be that while they were all unanimously against a reduction of wages, the former believed, or professed to believe, that this was the sole purpose of the Conference, but the latter could see no harm in a discussion of other methods than reduction of wages. It is notable that, in New South Wales, the invitation was accepted by the Trades and Labour Council now applying for affiliation with the Moscow International, but not by the Australian Workers' Union.\*

Mr. Hughes had several times asserted that the Conference would only be successful if both parties "put all their cards on the table." This phrase was seized upon by the section of Labour which accepted the invitation and the interpretation in some cases was very broad. The Western Australian branch of the Australian Labour Party, for example, in announcing its reasons for attending the Conference, declared that they would insist that the employers' representatives should table documents showing:—

- (1) Income tax returns of employers.
- (2) A list of enterprises recapitalised on a watered basis since 1914.
- (3) A table showing the nominal capital on which dividends are payable compared with the actual capital subscription.
- (4) What increases in ground rents have businesses to pay as against 1914?
- (5) What increased charges do banks levy on industry?

The Conference met in Sydney on February 22. Originally it had been intended to consist of 24 members chosen

\* The Trades and Labour Council definitely supports the "One Big Union" idea against the more conservative A.W.U. The relations of these two sections of the Labour movement were discussed in the last number of **THE ROUND TABLE**, under the head of "The Brisbane Conference."—**THE ROUND TABLE**, No. 46 (March, 1922), p. 409.

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equally from both sides, but by the opening day the numbers had swelled to 38. Mr. Hughes took the chair and opened the proceedings with a speech which recapitulated the reasons which had impelled him to call it.

The next session was occupied with a discussion as to who should be chairman, although it was unanimously agreed that he should have neither vote nor casting vote. Several names were submitted by each side, and in every case objected to by the other. Finally, the employees gave way and accepted as chairman, Mr. Hughes, the first nominee of the employers. The next three sessions were occupied with a formal debate first on the "general economic situation," and then on the "position of industry in Australia." Most of the present economic ills were ascribed by the Labour representatives to lack of purchasing power, and by the employers' representatives to decreased production. The debate disclosed little agreement either as to the facts of the industrial situation or as to the causes. The employers asserted that it was obvious from the amount of unemployment, from low prices and high cost of production that a crisis was at hand. The Labour representatives required more and detailed evidence, which was not forthcoming, as to costs of production and the inability of employers to carry on industry. The Conference then adjourned for a day in order to allow concrete proposals to be prepared and put forward by both sides.

Before the proposals were put forward a discussion took place, because the Labour delegates insisted that the employers should accept the principle that all unemployment should be provided for by an adequate insurance to be borne by industry. The employers refused to bind themselves beforehand in this way, but finally it was agreed that in any proposals put forward and discussed, the position of the unemployed should not be overlooked. The employers prefaced their proposals with the statement that they were only suggestions for which they had no mandate from the people whom they represented, but which, if

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acceptable to the workers' representatives, they would recommend employers to adopt. They accepted the principle of a minimum wage based upon such a standard of comfort as was necessary to the welfare of the Australian community. Their suggestions fall under two main heads, first, proposals for the conduct of industry, next, machinery for the settling of disputes and for laying down the conditions of industry. Under the first head they advocated abolition of all limitation of output ; no reduction of hours beyond 48 a week, except in a few industries ; piece-work where possible ; profit-sharing where feasible ; and, for industries where unemployment existed, special conferences between workers and employers to enable them to resume operations on a sound economic basis while maintaining the standard of living. Under the second head they proposed to substitute for the present arbitration system one Court composed of Federal and State judges to deal with hours and minimum wages and to systematise awards for the whole of the Commonwealth. Other industrial matters were to be decided by State tribunals, except where the industries were Federal in character. These State tribunals, however, were not to be the present industrial machinery of Arbitration Courts and Wages Boards, but Boards for each industry consisting of equal numbers of employers and employees. The Labour representatives criticised these proposals seriatim, strong objection being taken to the 48-hour week. They affirmed that any attempt to lengthen hours beyond 44 was a retrograde movement, and wholly unacceptable. Again, while admitting dissatisfaction with the arbitration system as it exists, they opposed its abolition until more satisfactory machinery should be installed and working. To that end they outlined as an alternative an elaborate scheme of Commonwealth, State, local, and special joint industrial councils, with power to deal with all problems and relations between employer, employee and consumer in industry. Their own proposals they introduced with a declaration of their belief that the present capitalistic

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system was incapable of meeting the situation, and that the only solution for "the impending collapse of industry" was the socialisation of industry with workers' control. Their practical proposals were that a joint commission should be established, consisting of representatives of Federal and State Governments, employers and trade unions, to devise technical means for carrying on industry during the period of crisis. This commission was to draft concrete proposals for a national credit system; methods of maintaining production and distribution at a high level; elimination of non-essential costs of distribution; amalgamation of industrial concerns where possible; and comprehensive developmental schemes to absorb the unemployed. They demanded, too, that the commission in its work should agree in principle on "basic claims" of the workers for :—

- (1) No reduction in wages or lengthening of hours.
- (2) Adequate unemployment insurance as a charge upon industry.
- (3) An effective share by the workers in the control of industry.

These proposals the employers absolutely refused to discuss on the ground that the "socialisation of industry with workers' control" meant Bolshevism. Their spokesman laid great emphasis upon conditions in Russia as an example of what would happen if these proposals were entertained. It was urged by the Labour representatives in debate that the obnoxious clause was merely the affirmation of a belief that this was the only permanent remedy, that it was an ideal, not an immediately practicable policy, and that it was accompanied by definite concrete proposals for working under the existing system. The employers apparently considered this explanation disingenuous, for they treated the proposal as one aimed at turning the present system into economic chaos, and the Conference came to an end without any agreement being reached.

The Conference served as an occasion for the parties concerned to affirm irreconcilable principles of social,

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political and economic faith. In this regard, some observations of Lord Salisbury, on the proposal for the Berlin Congress of 1878, appear apt.

Our view as to the Congress is that, though it is an admirable instrument to enable friendly Powers to come to an agreement about details, it only aggravates the divergence between those who radically differ, because it accentuates and calls public attention to the amount of difference, and makes the retreat on either side a loss of honour.\*

None the less, the employers made a distinct error in tactics which, under different leadership, might have been avoided. They did not exhaust the possibilities of the situation. The workers had discussed the practical proposals of the employers, but the employers acted as if the workers had put forward no immediately practical proposals. Quite possibly discussion might have resulted in no agreement, but to refrain from it on the ground that the workers were "Bolsheviks" merely gave opportunity to the workers for effective propaganda, of which they have not been slow to avail themselves.

## II. THE NEW SOUTH WALES ELECTIONS

AT the general elections for the State of New South Wales, held early in 1920, the Labour party secured 45 seats in a House of 90 members. The Nationalist Ministry then resigned, its leader having been defeated at the polls, and a Labour Ministry was formed with the late Mr. John Storey as Premier. That Ministry is now appealing to the electors after having held office for two-thirds of the normal life of a parliament. Its existence was rendered possible in the first place by the consent of a Nationalist member, who had been Speaker in the last Parliament, to accept re-election and so give the Govern-

\* *Life of Lord Salisbury*, by Lady Gwendolin Cecil, vol. ii. p. 240.



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ment a majority of one. His action has naturally been severely criticised, for the tradition that the Speakership is independent of party is not established in Australia, and is not likely to be recognised when votes are so evenly divided. But he has found a satisfactory defence in the heterogeneous character of the Opposition. Its forty-five members included 28 Nationalists, 15 Progressives and 2 Independents: they were all in sympathy opposed to the measures of the Government and to its methods of administration, but they were divided on personal grounds and by the antagonism of rural to urban interests, to which reference was made in the last number of *THE ROUND TABLE*.

Owing to these divisions and the strength of its own discipline the Labour Party remained in office in spite of the loss of its Premier and of much dissension within its own ranks. But in December, 1921, the members of the Opposition agreed that a crisis had arrived which made it necessary for them to sink their own differences and to face a dissolution. The Speaker thereupon resigned, and the Ministry being unable to carry on business except by appointing a Speaker from among its own supporters, lost its majority and followed his example. The Opposition leader, Sir George Fuller, was then sent for, and having formed a Government with the assistance of some members of the Progressive party, himself asked for a dissolution, which was refused. Mr. Dooley, who had asked for a dissolution before his resignation, was then recalled, subject to a stipulation that as soon as the estimates had been passed and other urgent business transacted, Parliament would be dissolved. The elections are to be held on March 25, although a number of members of the Labour Party made vigorous efforts to postpone them.

In order to explain the nature of the issues, it is necessary to examine very briefly the record of the last Parliament. Shortly after taking office, the Premier, Mr. Storey, announced that he had only half a mandate, which was under-



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stood to mean that as the House was evenly divided he would avoid extreme party measures. But such a course was impossible owing to the manner in which the Labour Party is controlled, and to the expectations excited by Mr. Storey's election promises. The party executive aims at exercising control over Ministers and members, it is not composed of men experienced in administration or finance, and it was not disposed to lose any of the advantages of a term of office. Mr. Storey himself was inclined to assert his authority, but many of his colleagues were less moderate or more flexible, and the measures ultimately put forward differed only from the full Labour programme in that certain of the more attractive items were reserved for the inevitable general elections. Towards the end of the last session, bills were introduced for the purpose of fixing at £4 5s. per week the basic wage which the Board of Trade had reduced to £4 2s., and for extending the 44-hour week to a number of Government employees to whom it had been denied by a special Court appointed to consider the conditions of various industries. But the chief factor in drawing the elements of the Opposition together was the Budget. In his first Budget, the Treasurer had proposed an addition to the income tax of 3d. in the £ in order to raise an additional £2,000,000. In his second Budget he proposed a further addition to raise a further two millions, and he made no suggestion as to how to raise the further sum, estimated at over a million, required for the proposed endowment of motherhood. For a great part of the expenditure the Government was not responsible. It was attributable to increases in the basic wage decreed by the Board of Trade, which applied to all Government services, and was felt with especial severity in the railway service and in the education department. But almost half the increased expenditure was attributable to the 44-hour week which, though it had been decreed by a Court, was an item in the Government programme. And although taxation had been raised to a figure which, taken in conjunction

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with the Federal land and income tax and customs duties, was abnormally high, there were no signs of an intention to economise or to put the finances in order. Another contributory factor in uniting the Opposition was the action of the State Government in assenting to a large number of nominations to the Upper House. The number was not large enough to give the Government a majority in the nominee chamber, and since the appointments had been made, two bills passed in the House of Assembly had been rejected, one a bill to alter the franchise of the City of Sydney on the eve of the triennial election of aldermen, and the other a bill to provide for government control of wheat marketing. But the numbers of the Upper House had been increased beyond the limits fixed by an unwritten rule in relation to the numbers of the Legislative Assembly, and it was feared that the Governor either under instructions from the Colonial Office, or of his own volition, would yield to whatever demands were made upon him for additional appointments.

The result was that the two Opposition parties came together, and responsibility for the continuance of the Ministry in office was placed upon the Speaker, upon whose resignation it was defeated by one vote. Co-operation for the purposes of defeating the Government, however, did not bind the Opposition to go to the country as one party. The Progressives were almost equally divided. Some joined the Nationalists in a coalition, accepting the very liberal terms offered by Sir George Fuller, the remainder, holding that a country party must remain a separate entity, published a programme of their own, though they promised a general support to the Opposition. Candidates therefore fell into three groups—Nationalists together with those Progressives who favoured a coalition, Progressives, and Labour candidates, in addition to whom a few Independents were nominated. The programme of the Government and the methods of its leader had been accurately foreshadowed during the last session of Parliament. Mr.

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Dooley, the Premier, when elected had been described as a moderate in contrast to his rival Mr. McGirr, who claimed to be the representative of the industrialists. But in his election speeches he appropriated very nearly the whole of the industrialist programme so far as it could be carried out by legislation. The basic wage of £4 5s. a week was to be enforced by an Act which would substitute Parliament for the Board of Trade as the wage-fixing authority, leaving only the higher rates to be fixed by Arbitration Courts. The 44-hour week was to be extended to new branches of industry, Parliament again acting in place of the statutory Court. The new Parliament was to be asked immediately to enact a Motherhood Endowment Bill, whereby each family of more than two children, the father of which earned less than £6 1s. per week, was to receive a subsidy in respect of each additional child. Taxes were to be increased to meet the deficit, but only at the expense of the higher incomes. In addition to these pecuniary benefits the privilege was offered to the employees in certain branches of the public service (including the railways) of having elected representatives on departmental boards of commissioners, and the Government pledged itself to assist workmen in acquiring and managing industries themselves. These offers were reinforced by a warning against the consequences of returning the Opposition to power. The Nationalists were described as the allies of the employers and the employers were charged with having entered into a conspiracy to reduce wages and with them the standard of living. Both sides were bound to refer to the widespread unemployment from which New South Wales is suffering, in common with England and America. The Nationalist comment was that if not caused, it had been increased by the arbitrary fixation of wages, and by uneasiness aroused by fear of Labour legislation. Mr. Dooley, however, and his most prominent colleague did not scruple to suggest that it had been brought about to some extent at least by the allies of the Nationalists as an electioneering dodge. There were other items in the

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Government programme on which individual Ministers laid special emphasis, and they concurred in claiming credit for having reduced profits by a price-fixing Court. The Minister for Lands laid stress on a bill designed to break up large estates by compelling owners of land worth more than £20,000, either to sell their surplus lands through the Government or to put them to a more productive use or to pay a penal rate of taxation. Others justly claimed credit for increased salaries paid to teachers in elementary schools and for other improvements in the elementary schools, a branch of education in which Labour has consistently shown greater sympathy than its opponents. But the chief plank in the Government platform was the maintenance by legislation of a high rate of wages, and the weapon most frequently used was a description of the Nationalists as the low wage party. And in order to make that programme effective, Mr. Dooley undertook to carry out what had for long been a plank in the Labour platform, the abolition of the nominee Upper House.

The answer to this policy of largesse was to show that the dangers of unemployment, under-production and higher taxation could only be averted by indirect means. The first part of Sir George Fuller's policy speech was taken up with a list of improvements to be made in the lot of primary producers. In 1921, a Commission under the Presidency of Sir Joseph Carruthers, a former Premier and Minister for Lands, had been appointed to investigate the grievances of the man on the land, the causes of a decline in rural production and of the exodus from the country to the cities. Its enquiry was eminently practical, and it recommended a number of reforms designed to render farming more scientific and more attractive, to remove the discomforts of isolation, to improve the conditions of life both among scattered settlers and in country towns, and to provide better methods of marketing. Sir George Fuller adopted these recommendations as part of his programme and undertook to carry them out if returned to power. In addition,

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he promised that the primary producer should no longer be penalised in order to make good the loss on non-paying railways by high freights and fares for the benefit of the consolidated revenue. His appeal was addressed to the country constituencies and mainly showed the influence of the Progressives among his followers. He also promised radical amendments of the already much amended Arbitration Act by which the method of a round table conference in each industry would be substituted for the processes of litigation as carried out by the Arbitration Courts or by the Board of Trade in fixing a basic wage. Sir George Fuller repudiated the charge that his was a low wage party and promised that wages would not be reduced in the Government service. He admitted that taxes must be increased, but warned his hearers against believing that the few could be made to suffer while the many escaped. In answer to the Labour Party's proposal to abolish the Upper House, he proposed to abolish life tenure, and to introduce a system of election, the details of which were not disclosed, and in answer to the Motherhood Endowment Bill, he proposed a scheme of relief for necessitous cases.

The elections are to be held on March 25 and it would be foolish to predict the result. The result however will be of great importance, for the finances of the State are in need of careful management, and the Labour Party proposes to legislate on a number of subjects which have hitherto been left to the Courts to be dealt with after an examination of the evidence.

### *Postscriptum.*

The election has resulted in a defeat for the Labour Government more decisive than was generally anticipated on either side. In the new Parliament out of 90 members 37 will belong to the Labour Party, compared with 45 in the last Parliament, 9 will support the Progressives who refused to join in the coalition ; there will be 43 supporters of the coalition and 3 independents, so that the Govern-

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ment about to be formed will have the general support of 52 members. The elections were remarkable for the fact that of the total number of electors enrolled, over 70 per cent. went to the poll as compared with 52 per cent. at the State elections of 1920. On a count of the first preferences it has been shown that the Opposition vote increased by 177,000, or nearly 60 per cent., the Government vote by 50,000, or nearly 27 per cent. on the 1920 totals. A 70 per cent. poll is unusually high in an Australian election, and the explanation of so much popular interest may be found to some extent at least in the introduction of a number of new factors in the later stage of the campaign. One of these was the sectarian issue, which in some constituencies was discussed with great bitterness, and may have induced many electors to vote who would have been indifferent to purely political arguments. Another factor was the belief rather vaguely held in some quarters that the Labour leaders, though they would not themselves sympathise with the revolutionary movement on the Rand would not have the courage to dissociate themselves from a small minority who professed similar views in this country. Again, a number of electors who in 1920 refused to vote for the Nationalist Party because they distrusted its leaders, this year were encouraged to do so because of its alliance with a section of the Progressives. But the fundamental cause of the defeat of the Labour Party was the failure of its leaders to inspire confidence, either by their achievements in office or by their election programme, in their ability to deal with the urgent financial needs of the country. Their proposal to fix an arbitrary wage by Parliamentary enactment did not impress the unattached voters except by causing fears of increased unemployment, nor did their warning of a conspiracy to reduce wages hatched by employers in alliance with the Nationalists. Finally, the Labour leaders showed a very marked failure to appreciate the character of the electorate. The electors are always ready to resent injustices and to relieve hardship ; but their instincts are on

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the side of safety, they cannot be stampeded and they are deeply suspicious of all that appears to be purely political manœuvres.

There is no space available to deal in this article with the effect of proportional representation in this and the previous election ; but this omission may be remedied later.

Australia, April, 1922.





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